Walesa in

calm after

admission

call for

kidnap

West Europeans try

No. 29,460

BY HUGH O'SHAUGHNESSY

THE DEBT burden of Latin Ameri-

can countries must be reorganised

in accordance with their capacity to

pay, according to a survey of the re-gion's economic and social progress

Inter-American Development Bank,

BY RICHARD JOHNS IN GENEVA

NIGERIA yesterday ruled out any

early realignment of its oil prices

with other members of the Organi-sation of Petroleum Exporting

Countries, or a cut in its production

The uncompromising stance tak-

en by Dr Tain David-West, Nigerian

Minister of Oil, is expected to ex-

pedite rather than complicate an

agreement among other members of Opec on a substantial reduction

in collective output - limiting it to

16m barrels a day compared with

the official ceiling of 17.5m b/d - at

the emergency Opec meeting start-ing in Geneva today.

Six Opec ministers who had talks

in Geneva last week reached a pro-

visional understanding on the need

to deny the market 2m to 2.5m b/d

of the probable demand for Opec

oil, estimated at 18m to 18.5m b/d

projected for November, with Saudi Arabia bearing the brunt of the

Agreement, however, could be jeopardised by disagreement over the price differential between light

and heavy crude. Dr Mana Said al

Otaiba, the United Arab Emirates'

that the UAE would unilaterally re-

duce the price of Abu Dhabi Mur-

ban Light crude if no compromise

The light crudes of Abu Dhabi,

which account for most of the

UAE's capacity, have suffered in

the market because there is insuffi-

cient price difference between heavy crude and the Arabian Light

reference crude. Before the present crisis erupted with cuts of \$1.35 a

barrel for North Sea crude first by

Norway and then by Britain two weeks ago, Abu Dhabi was on the

overall cut.

Monday October 29 1984

D 8523 B

NEWS SUMMARY

GENERAL **Israelis**

seek total groups Lebanon show pull-out

he had talks with President Amin Gemayel about an Israeli withdrawal. Sir Geoffrey later arrived in Israel for talks with the Prime Minister Mr Shimon Peres, and other se-

nior officials.
Egyptian President Hosni Mubarak leaves for France and West Germany today seeking to persuade Europe to take a more active role in reaching a Middle East peace settlement. Page 16

POWs die in riot

Iran admitted that a riot of Iraqi prisoners of war earlier this month left five of them dead and accused delegates of the International Committee of Red Cross, who were visiting the camp, of provoking the out-

Bus attack

An Arab youth was killed and two other injured in a rocket attack on a bus in Jerusalem by suspected Jew-

Suicidal fans

More than 10 people in the south Indian state of Tamil Nadu have burnt themselves to death in the last three weeks out of sympathy for the serious illness of the state chief minister M. G. Ramachandran, a former film star.

Bulgarian protest

Bulgaria protested to Italy against the committal for trial of three Bulgarians in Rome on charges of conspiring to kill Pope John Paul in May 1981.

Muzorewa raliv

The first rally held in Harare by Bishop Abel Muzorewa since his re-I ease last month after 10 months' detention ended with supporters of his opposition United African National Council and Zimbahwe's ruling Zanu-PF party throwing stones at each other.

Chad talks fail

Peace talks between Chad's warring factions collapsed, increasing the possibility of renewed hostilities once the Franco-Libyan troop withdrawal is completed. Page 3

Boost for Nakasone

The challenger to Japanese Premier Yasuhiro Nakasone dropped out of the leadership struggle, leaving the way clear for him to serve a

Coup denial

Zaire President Mobutu Sese Seko denied suggestions that an attempted coup earlier this month had been crushed with the aid of foreign intelligence agencies.

Drugs haul

Marseilles customs officers seized 10 tonnes of hashish worth £65m abroard a container ship from the Middle East. Tweive people are being questioned. Portuguese police are holding 14 people after confiscating 2% tonnes of high-grade can-nibis - estimated value \$5m - from a yacht called Too Extravagant.

Packed ice

More than 100 Soviet cargo ships were trapped for 20 days by pack ice in the River Lens in Northern Siberia before being rescued by

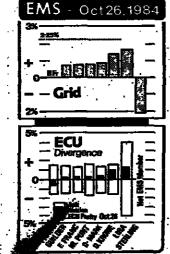
BUSINESS

U.S. steel setback

to seek a complete rather than par-tial withdrawal of its forces from gains made in the first half of the southern Lebanon and said it year, with import penetration and would welcome any effort by the price discounting cutting into volwould "welcome any effort by the price discounting cutting into vol-British or others to help resolve the ume and margins briefly boosted by problem of Lebanon." The decision came during a visit to announce third-quarter results, is by British Foreign Secretary Sir omitting its final quarter dividend after increased losses of \$79.8m after increased losses of \$79.8m against \$49.7m a year earlier.

> TOKYO stocks turned marginally lower on Saturday as investors ap-peared discouraged by further weakness on Wall Street. The Nikkei-Dow market average was 4.07 off at 11.150.95.

BELGIAN FRANC was the weakest currency within the European Monetary System last week, but remained comfortably placed within its ECU divergence limit. Once



again there was no intervention by the Belgian Central Bank, indicating the franc's underlying strength. where the Italian lira was the strongest member, followed by the Danish krone.

on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the system, defines the cross rates from tem, aejines the cross rutes from which no currency (except the liva) may move more than 2% per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of Eu-

From today the Financial Times increases its regular weekly coverage of the international capital markets to give an extra page of news, com-

ment and prices.

The Monday edition will now tain an expanded list of bond and warrant prices supplied exclusively by the Association of International Bond Dealers. The list covers about 500 latest issues in major currency sectors of the Euro-bond market and takes account of growing business volume.

The format also includes for the first time regular comment on the UK gitt-edged market, as well as more detailed coverage of the U.S. money and credit markets. Pages 17-19

NIGERIA sent teams of officials to London and Tokyo to inspect the country's imports prior to shipment, in an attempt to move the backlog of goods created by the dismissal of its inspection agents last month.

MALTA suspended imports from Italy to bring a more favourable trade balance between the two

ITALTEL, the Italian state communications group, is to co-operate with CTT-Alcatel of France in digital

telephone exchange research and development. Page 18 IMV, Yugoslav car manufacturer, may end its production pact with Renault in favour of a new deal

with Fiat. Page 18 AIR ONE, the U.S. airline launched 18 months ago, has filed for Chapter 11 protection from creditors. Page 18

ciency, and not at the expense of He stresses that the financial out-

a Washington-based international lending agency for Latin America, warned that unless the region is given easier terms for its debt ments have been obliged to accept, but it clearly diverges from IMF servicing and granted fresh inflows of foreign capital, it will find it impossible to recoup the fall in income

Nigeria rules

out early oil

price increase

The bank says the 3 per cent drop than 25 per cent of their export income on debt servicing .

in income per head of population last year was the "most dramatic setback since the great depression, and brought living standards down to the 1977 level."

In a sombre assessment of the re-gion's present economic state, the The report stops short of overt criticism of the International Monetary Fund's austerity programmes which Latin American govern-

American governments it has suffered for the past three should not be obliged to pay more \$7bn last year.

verge of unilaterally making a 50 to

60 per cent cut in its prices. Dr David-West said that Nigeria's

prices, which were lowered by \$1 to

\$2 per barrel 11 days ago, were "permanent until changed," making it clear that they would only be re-

aligned when spot market rates corresponded to official ones, and

even then perhaps not before the

end of the year.
"We will meet in December and

look at it again," he said with refer-

ence to the next Opec conference

scheduled to start in Geneva in se-

Any Nigerian production cut was "out of the question" and the loss of

one barrel would be "suicide." He

indicated, however, that Lagos in-

tended to stick to its quota, which Dr David-West defined as the pres-

ent rate of 1.4m b/d. That volume

was conceded by other members on

a temporary basic allocation under

Opec's prices and production pact was set at 1.3m b/d.

he had met with Mr Kaare Kris-

by Statoil of Norway on October 12

Other members of Opec mean-

while planned to proceed with their

proposal to constrict supplies on the

tracts and Nigeria's cuts.

Dr David-West also revealed that

ven weeks.

Easier terms urged on Latin American debt burden

The report suggests that the sharp drop in living standards strategies.

Mr Willy van Ryckeghem, a senior bank official, suggested at a press conference in London that financing in 1981 and \$38bm in 1982, Latin American governments but this dropped to no more than

He said that if some forecasts proved correct and international interest rates rose to 16 per cent, the region would face a "doomsday situation." The bank's own forecast, he said, was that rates would drop to 9

stemmed from an abrupt shut-off of foreign capital flows to the region. Latin America netted \$40bn in forbut this dropped to no more than

The countries of the region re-

exceptionally large trade surplus of \$30bn. This was achieved by a sharp reduction of imports, which last year were in real terms equal to only half those of 1981. At the same time, the bank reports, the drying up of foreign funds brought about a sharp drop in

investment from 25.8 per cent of gross national product in 1981 to 19.6 per cent last year. Referring to the manufacturing

sponded to this drying up of foreign capital last year by producing an

sector, badly hit by the regional recession, the report comments: "In the past three years, not only has

there been an increase in idle installed plant capacity - its utilisation fell to a level of almost 50 per cent in several countries - and a consequent decrease in productivity, but a fall in the levels of industrial investment in new plant capac-ity has been accompanied by the disappearance or deterioration of significant portions of the already installed capacity."

Economic and Social Progress in Latin America: Inter-American De-velopment Bank, 1984 report. 808 17th St. N. W., Washington, DC.

Capital markets, Section II

Canadian workers set to end **GM** strike

By Bernard Simon in Toronto

CANADIAN motor industry work ers have succeeded in negotiating a labour contract with General Mo tors significantly different to the one accepted earlier this month by the company's U.S. workforce.

A tentative agreement betwee GM and the Canadian branch of the United Auto Workers was signed in Toronto over the weekend, clearing the way for an end to the 10-day strike which has disrupted GM's operations throughout North Ameri-

GM's 36,800 production workers in Ontario and Quebec are expected to ratify a three-year contract today and return to work tomorrow or Wednesday. About 45,000 GM workers in the U.S. have been laid off be-

cause of the Canadian stoppage.
Both sides expressed satisfaction

tiansen, Norway's Minister of Energy, in Geneva and they had dis-Mr Bob White, the UAW's Canadicussed "everything." Discounts of an director, said that only time would end up better off. Under the triggered proposals by the British National Oil Corporation for similar agreements, Canadian workers will receive an average of C\$1.14 (86.5 price reductions for its supply con-U.S. cents) more per hour in basic wages over the next three years than their U.S. counterparts. A Ca-nadian truck assemblers' hourly

assumption that Nigeria and the North Sea producers will be pulled A cornerstone of the Canadian union's argument was the lower back into line when the market cost of labour for the company in tightens and equilibrium is estab-Canada because of the decline in lished. Last week, Sheikh Ahmed the Canadian dollar and state-subsi-Continued on Page 16 dised health care programmes.

with the contract, which includes guaranteed wage increases for three years as well as cost-of-living allowances. The innovative profi sharing plan in GM's contract with its U.S. workers is not part of the agreement, after the Canadians' demand for a more traditional and, in their coinion, more secure system of pay increases.

pay will rise from C\$13.07 to C\$15.59.

UK unions may press miners to end strike

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

are showing increasing signs of concern that the miners dispute, now in its 35th week, is unlikely to be settled in the near future - and the National Union of Mineworkers (NUM) to agree a negotiated settle-

ers has been sharpened by reports of contact between Mr Arthur Scargill, the NUM precident and the suidance of Ages the Suidance of Age gill, the NUM president, and his chief executive Mr Roger Windsor, and representatives of the Libyan government. These reports drew that, as far as the NCB and the Govcondemnation from every quarter In particular, Mr David Basnett,

general secretary of the General Municipal and Boilermakers' Union and a key figure in organising a Trades Union Congress (TUC) con-sensus behind the miners, is known to think that the NUM officials acted in a very stupid fashion, and that support for the union by other trade unionists will be weakened. Moves are expected over the next iew weeks to gain a "fresh mandate" from the TUC's finance and general purposes committee, its most senior leaders, to discuss what might take with the three NUM national officials - Mr Scargill, Mr Peter Heathfield the general secretary

This might take the form of the TUC putting forward a draft agreement of its own, and seeking to get talks going on that basis, or it might revolve round pressure on the NUM to look afresh at what the National Coal Board (NCB) has on offer.

and Mr Mick McGahey, the vice-

Whatever form the pressure took, the three TUC leaders charged with monitoring the dispute - Mr Bas-

BRITISH TRADE union leaders nett, Mr Norman Willis, the TUC general secretary, and Mr Ray Buckton, general secretary of the train drivers' union Aslef require agreement from their semay soon seek to put pressure on nior colleagues to breach the noninterference pact agreed by Mr Len Murray, the former TUC general

> probably on Wednesday - are all but certain to end in failure, and ernment are concerned, this will mark the end of efforts to find an agreed solution.

> Both the NCB and the NUM submitted documents to Acas over the weekend which lays out their positions. Mr Pat Lowry, the Acas chairman and Mr Dennis Boyd, the chief conciliator, are likely to attempt once more to bridge the gap between the two sides with a paper of their own which attempts to be a compromise between these two positions - but are conscious of working in an unpromising climate.

> ists, but is unlikely to give Mr Scargill many problems at Thursday's routine executive meeting. While Mr Ted McKay, the North Wales secretary, and Mr Trevor Bell, secretary of the white collar section Cosa, both criticised the links. Mr Scarpill retains dominance over the executive which will not be serious-

Mr Sid Vincent, Lancashire area secretary, said NUM officials had been travelling all over the world

By Christopher Bobinski MR LECH WALESA, leader of Poland's outlawed Solidarity trade union movement, appealed yesterday for restraint and calm after an admission by the authorities that admission by the authorities that Father Jerzy Popieluszko, an out-spoken pro-Solidarity priest, had been kidnapped by three security men 10 days ago and probably mur-

Last night more than 20,000 people gathered in the square outside Fr Popieluszko's parish church in northern Warsaw to pray for the missing priest, with strong detach-ments of riot police nearby.

After the service the crowd dispersed quickly and quietly. At St John's Cathedral in Warsaw's old town district, Cardinal Jozef Glemp, the primate, spoke to a congrega-tion of 4,000 of the need to forgive one's enemies.

This followed the announcement by General Szczeslaw Kiszczak, the Interior Minister, in a 20-minute weekend speech that one of his subordinates, Captain Grzegorz Pio-trowsky, a 33-year-old departmen-tal head, had admitted to killing the priest and organising the kidnap. Two of the captain's colleagues were also being held but there was still no firm indication of the

priest's whereabouts despite a massive search, the general said. were responsible. "This unprecedented provocation was meant to threaten our policy of renewal and hence socialist Poland," he said. The evidence the three men were giving was "evasive and lacked coherence." but "their behaviour during the kidnapping makes one regard it as a deliberate, well-

masterminded plot." No concrete evidence has so fai been unearthed, however, as to the "secret inspiration" of the kidnapping, the general admitted.

A party social committee meeting which ended at the weekend has al-The Libyan connection is likely to damage the NUM's cause among and Gen Kiszczak personal authoritiy to conduct a purge of the security service. Indeed, the indications are that Gen Wojciech Jaruzelski, the country's military ruler, is poised to use the incident to push back his hardline critics within the

> A group of people, many of them prominent Solidarity leaders, who have spent the last week in the rectory at Fr Popieluszko's church in north Warsaw helping to coordinate the prayer protests, were asked to leave by the Warsaw Continued on Page 16 mission and did so at the weekend.

Major world airlines expected to return to profit this year

economic cycle, traffic growth could

be slowing by 1985, and is unlikely

In these circumstances just two

percentage points of additional ca-pacity would reduce profitability by \$800m. With supply (of seats) out-stripping demand, the yield would probably weaken. If it deteriorated

by only one percentage point, this would cut profits by a further

"The airline industry as a whole

is still not earning nearly enough fully to cover all costs, including

fleet and other equipment replace

airlines showing a good upturn in

"This applies even to individual

to rise above the rate of increase

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

pected to earn a profit after interest of about \$1.2bn on their international scheduled services in 1984. This compares with the loss of \$300m in

For 1985, the International Air Transport Association (IATA), which has 134 member-airlines, is forecasting a higher profit of about \$1.5bn, with a further rise in 1986 to about \$1.7bn. Mr Knut Hammarskjold, who

will present the figures in his annual report on the state of the world airline industry at the IATA annual meeting in Montreal today, says the improvement is the result of vigor-ous efforts by the airlines to cut costs, reduce capacity (the number of seats offered) and generally "slim down"

Many of them are leaner and tougher than they were before the recession. In addition, air traffic has been growing much faster than "This growth," says Mr Ham-marskjold, "is being translated into improved results by greater effi-

profits. Therefore, continued vigilance and determination to cut look for the IATA airlines was very vital as ever," he said finely balanced, however. The

ment

THE MAJOR world airlines are ex- planned profit margins were thin, rectly to the Anglo-U.S. row over and sensitive to even slight changes the impact of U.S. anti-trust laws on in traffic capacity, yield or unit cost projected cheaper Atlantic air fares, trends. "A small adverse movement in some countries to "export their naany of these parameters could quickly turn the industry back into deficit," he says. "With a possible downturn in the tional regulatory philosophies de-signed for unified domestic environ-

IATA with the support of many foreign governments, has fought a running battle over recent years to prevent the U.S. Civil Aeronautics Board imposing anti-trust laws on now being forecast (between 4 and the foreign airlines serving the U.S.

"Recognition at government level of the special multilateral nature of the international air transport system is as essential today to the continuing progress of the industry as it was 40 years ago, at the time of the creation of the International Civil Aviation Organisation and the IATA," says Mr Hammarskjold.

"Securing this recognition is a priority objective of the association, and member airlines can play their part in their contacts with their national authorities. "At stake is the survival of a

worldwide integrated air transport system in a constantly evolving en-

costs and improve yields are still as Cloudy horizons for airlines Mr Hammarskjold refers indi-

for optimism 4 Survey Section III

UP WITH EFFICIENCY

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Franco-German summit to focus on space projects

The one real cloud may well be

AP reports from Stuttgart: Bad-en-Württemberg state went to the

concern, will provide a test of public

reaction to the government parties.

The Christian Democrats won 33 per cent of the vote in local elec-

The Social Democratic Party won

Final results of yesterday's elec-

electoral procedure giving each vo-

dustrial production by more than 4 per cent and agricultural output by about 2.5 per cent, according to the plan, Reuter

BY RUPERT CORNWELL IN BONN

FRANCE will press West Germany Bad Kreuznach is likely to produce for a speedy further commitment to a broad consensus on a necessary major space programmes involving "new start" for Europe, now that the two countries, when President the long-running British budgetary Francois Mitterrand and Chancel-problem has at last been settled. lor Helmut Kohl begin a summit

meeting today.

Two issues, the future development of the European Ariane

Bonn's increasing impatience at the slow pace with which the enlargement negotiations for Portuguese nuncher rocket project and a plan and Spanish entry into the EEC are for Paris and Bonn to acquire their proceeding and for which France is own military satellites in the 1990s held to be largely responsible. are set to be at the centre of the

Both have become a touchstone polls yesterday to elect 1,100 city of West German readiness to put into practice the conviction, often expounded by Herr Kohl, that a close after Herr Rainer Barzel resigned Franco-German partnership must as Bundestag president amid allebe a driving force to give new impetus to the European Community.

(\$562,000) from the Flick industrial tus to the European Community.

Mainly for budgetary reasons, however, Bonn has been unwilling so far to commit more public money to civil space programmes, includ-

ing Ariane.

Difficulties also appear to have by by candidates not affiliated to a arisen over the spy satellite scheme political party, who won 32.7 per at least as initially outlined — cent. Baden-Württemberg is the which is currently under examina— West German state with the largest tion by a study group of experts number of independent voters. from the two nations.

Earlier this month, Defence Min- 19 per cent of the vote in 1980 and istry officials had to deny insistent the small Free Democratic Party reports that Bonn was demanding a only 1.7 per cent. more equal division of contracting work as well as major technical retion were not expected for several visions to the scheme, before agree- weeks because of a complicated

Even so, the two-day meeting in ter as many votes as there are seats the Rhineland-Palatinate spa of in the council he or she is electing.

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Yugoslavia sets ambitious

BELGRADE - Yugoslavia, publics before final parliament-

faced with large foreign debts, ary approval has announced ambitious eco-

has announced ambitious economic targets for next year. gets are for increased exports, industrial and agricultural production. The plan also endustrial output.

Details of the 1985 draft economic development plan, approved at a government session on Saturday night, were released in Belgrade newspapers creation of conditions to service yesterday. The draft will be discussed by Vucoslavia's six released by Vucoslavia's six released in Boundary and the creation of conditions to service yesterday.

cussed by Yugoslavia's six redebts, the Government said.

Yugoslavia's gross national Yugoslavia's gross national published daily except Sundays and holidays. U.S. subscription rates

economic goals for 1985

Cheysson condemns Moscow over Afghanistan

FRANCE CONDEMNED the Soviet presence in Afghanistan yesterday after the return to Paris to a hero's welcome of M Jacques Aboucher, the French television journalist captured in Afghanistan and sentenced to an 18-year prison the end of last week.

M Claude Cheysson, the

French foreign minister, said on French national television yesterday that the Soviet pre-sence in Alghanistan was similar to the U.S. presence in Vietnam.

He said Franco-Soviet rela-tions had remained "unchanged for a good number of months" and that the French demn the Soviet presence in Afghanistan, its role in Poland and its deployment of SS20 nuclear missiles.

nuclear missiles.

He also emphasised the French Government had adopted a firm position on M Abouchar's release, refusing any deals with Moscow. Indeed, the tough line adopted by the French Government and the national indignation caused by M Aboucher's arrest appears to have cher's arrest appears to have persuaded Moscow to defuse the developing diplomatic con-troversy quickly.

Moscow was clearly reluct-ant to allow the affair to blow

ant to allow the affair to blow up at a time of an improvement in relations between Paris and Moscow The improvement followed President Mitterrand's visit to the Soviet Union last June. Relations had been cool until then because of the French president's outspoken support for the deployment of new U.S. nuclear missiles in Europe.

Moreover. M. Laurent

Moreover, M Laurent Fabius, the French Prime Minister, had threatened to boycott last Friday's celebrations in Paris of the 60th anniversary of the resumption of Franco-Soviet relations. To mark this anniversary, President Mitterrand sent a message to Mr Constantin Chernenko, the Soviet leader, emphasising the importance of an open and constant diabetween the two

countries. M Cheysson also sent a message to Mr Andrei Gromyko, the Soviet Foreign Minister, urging greater contacts between the two countries.

A SIX POINT AGENDA FOR THE WESTERN EUROPEAN UNION

Europe pledges harmony on defence

ing the decision at the weekend formally to reactivate the 30 year old organisation.

The foreign and defence ministers of Britain, France, West Germany, Italy and the Benelux countries, who were meeting in Rome, have set themselves a six point agenda for discussions which will take place twice a year at ministerial level and more frequently among ambassadors.

The ministers have also charged their officials with recommending within the next few months ways of reforming the institution of the WEU though they have enjoined them neither to increase the present

on Saturday, Sir Geoffey said.

The declaration states that while the 16 member Nato Alliance which includes the U.S., remains the foundation of European security the seven were determined to "make better use of the WEU to increase co-operation in the field of security and to encourage con-sensus." Sir Geoffrey added

Future meetings

"We are now anxious that these words should be translated into effective action."

The six point agenda for future meetings of defence and foreign ministers entails: General defence questions.
 Arms control and disarma-

either to me...

adget nor to engage staff.

Observers here yesterday saw in the conclusion of the ministerial meeting the clearest indication yet that the seven hope sive a new political impetus co-operation in alliance "bearing in mind the importance of transtlantic relations."

to defence co-operation in Europe.

The 14 ministers were evidently pleased with their deliberations. Herr Hans Dietrich Genscher, the West German Foreign Minister and current WEU president, spoke of the unanimous agreement to strengthen the European pillar within the Nato Alliance.

Sir Geoffrey Howe, British Foreign Secretary, declared that the ministers had met at Maliance "bearing in mind the importance of tranatlantic relations."

Alliance "bearing in mind the importance of tranatlantic relations."

European co-operation in agnee, at least in principle, with the British view that the Standing Armaments Committee could not and should not replace the practical work of the Nato affiliated Independent European Programme Group in furthering collaborative arms production in Europea.

An official working group is to try to resolve differences over whether—as Britain would

THE SEVEN governments of the right time and had come the Western European Union to the right conclusions. The about six months' time.

Seven governments of the right time and had come next ministerial meeting in about six months' time.

One of the problems which tank or whether times and security issues follow which the ministers published the advisability of extending the decision at the weekend on Setundar Six Gooden and the weekend of the weekend on Setundar Six Gooden and the weekend of the w took longer than expected was the advisability of extending membership of the WEU. Herr

Genscher confirmed on Satur-day that an application for membership from Portugal had been received, but in a notice-ably cool reaction sald simply that it would be considered by ministers. While its present members do not want WEU publicly to appear as an exchisive club within Europe they are in fact keen to prevent the organisation succumbing to the political problems which followed enlargement of the EEC or which often hedevil

On the reorganisation of WEU the ministers failed to agree on precisely what should happen to

its two committees. The ministers agreed that the last of the post-war controls on German conventional rearma-ment, which the Arms Control Agency was set up to monitor, should be removed by January 1, 1986 and that the work of the ACA was already largely

Ministers were, however, emphatic that the reorganisa-tion of the committees and of the WEU Secretarist should not result in an increase either in the number of staff employed or in the money spent. The WEU's annual budget is currently about £3m and its staff, in the contract of the contr including those working for the Parliamentary Assembly, num-ber about 130.

Revival hopes

The ministers' thoughts on the reorganisation were con-tained in a separate eight-page published document, two pages of which were devoted to relations with the Assembly. The 89-member body meets today in extraordinary session to discuss the revival of the WEU and its own part in it.

Ministers hope that the Assembly, which had become almost as moribund as the other institutions of the WEU, can help promote debate of and produce a broader concensus

for European defence.

The Assembly is composed of MPs nominated by member governments and is the only representative European body mandated to discuss defence. However, many observers feel it will need as great, if not greater, revitalisation than the WEU itself if it is to fulfil those

Mondale battles against the odds By Stewart Plensing in Washington

Hon

end lend

filt'

impiliti i

WITH JUST over a week left hefore Americans go to the polls to elect a new president. Mr Walter Mondale, the Demoeratic Party challenger to President Ronald Reagan is once again battling to dispel fears that he is too far behind the president to win.

the president to win.

The latest public opinion polls show that Mr Reagan's support is solid, and that since the second televised debate with Mr Mondale last Sunday, he has begun to widen his lead slightly over his challenger. Mr Mondale's advisers are now beginning to warry that the widespread perception that their candidate cannot win may reduce roter turnout among Mondale supporters and hand Mr Reagan a spanking victory.

High among the concerns in

Reagan a spanking victory,

High among the concerns in
the Democratic Party on this
score is the fear that a sweeping victory could diminish or
perhaps even eliminate Democratic hopes of securing control
of the Senate from the Republicans. There are fears too that
a failure to motivate Democratic
supporters could result in the
loss of enough seats in the
House of Representatives to
reduce the ability of the party
to oppose a re-elected President
Reagan's policies.

The latest New York Times/

Reagan's policies.

The latest New York Times/
CBS News poll published yeaterday has Mr Reagan leading
Mr Mondale in a presidential
preference run off by 53 percent to 35 per cent. The 18point margin for the poll which
was taken last week following
the second televised debate
compares with a 13-point margin in a poll after the first
televised debate.

Mr Mondale and his sides,
buoyed by yesterday's decision

Mr Mondele and his sides, busyed by yesterday's decision of the New York Times to endorse the former Vice-President, are describing the polls as misleading. They claim that the "slight" shift to Mr Reagan is insignificant.

the "slight "shift to Mr Reagan is insignificant.

It is not only the polis, however, which have been moving Mr Reagan's way. The recent cut in the prime lending rate by major commercial banks, which has taken this high visibility indicator of the cost of borrowing down to 12 per cent, coupled with good inflation news, and moderate growth in the and moderate growth in the third quarter, has prevented Mr Mondale from effectively attack-ing Mr Resgan's economic poli-cies.

Row over French research site

BY DAVID MARSH IN PARIS

A POLITICAL dispute has broken out in France over the Government's decision to choose Grenoble rather than the competing scientific centre of Strasbourg as the home for a \$100m European X-ray research complex.

The Strasbourg research commu-nity has accused the Socialist Government of choosing the site on political rather than technological M Hubert Curien, the Research

and Technology Minister, defended the choice in the National Assembly in the face of protests from Strasbourg opposition deputies, claiming that Grenoble was the better site and had been more effectively trading.

fought for by that region's scientific

munity. The European project is for an Xray synchotron source made up of a ring 770m circumference, used to speed up electrons close to the velocity of light so as to permit research into materials structure in a range of scientific, industrial and

Apart from France and West Germany, which are putting up the li-on's share of the cash, Britain, Denmark, Finland, Italy and Sweden are also involved.

The French Government's decision to choose Grenoble in the French Aips, was made after more than a year of complex horse-

Political leaders - including Socialists - and scientists from Strasbourg have argued that rejection of their city's candidature flew in the face of the Government's promise to make it a European scientific

Regional and city authorities from the two competing centres tried to sway the decision by putting up considerable financial incentives, Strasbourg offering FFr 100m (\$10.7m) and Grenoble

Nicaragua says no to changing Contadora pact

MANAGUA — Nicaragua's
Foreign Minister has said his
government will not accept
significant changes in the Contadora treaty, a draft peace pact
which has run into opposition from the U.S. and its Central American allies. Sr Miguel d'Escoto's state-mens was the first clear indica-tion of Nicaraguan policy since

Washington last mooth changed its position on the treaty
Diplomats said the seemingly irreconcilable U.S. and Nicarawest Germany favoured the Strasbourg

A key scientific factor behind the Government's decision is the existence of a large nuclear research community in Grenoble.

**Treconcilable U.S. and Nicaraguan positions could spell the final demise of a process begun by the foreign ministers of Mexico, Venezuela, Pansma and Colombia in January last year. Reuter.

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mend?

Hong Kong cuts prime lending rate to 12% By David Dodwell in Hong Kong

PRIME_ LENDING rates in Hong Kong were trimmed by one percentage point to 12 per cent at the weekend by the Territory's association of banks as interest rates eased in the U.S., and as market operators talked of increasing investor confidence.

The cut is the second within a month. The revised rate compares with a rate of 17 percent in July as jitters over the fate of Hong Kong when Peking regains sovereignty in 1997 triggered a short but sharp run on the local currency.

The cut has been widely expected over the past two weeks, and this has resulted in weeks, and this has resulted in a strong stock market perform-ance. It was welcomed at the weekend, particularly by local property companies, many of which carry heavy debts follow-ing the property crash of two years ago, and which see lower interest rates as an essential precondition for any recovery in the house-buying market. in the house-buying market.

Investor confidence has improved in Hong Kong

following the successful com-pletion in September of pro-tracted and secret Sino-British negotiations over the Territory's future. Local and foreign investors have also been buoyed by a powerful export-led economic recovery over the past year.

Trade statistics for the first nine monthse of 1984, due in a matter of days, are expected to show real growth in exports from the region of 25 per cent, and a visible trade surplus for

the first time in about five Falling interest rates in the U.S. are also an important factor in the interest rate cut, because the local currency has been linked since October last year to the U.S. dollar.

Argentina torture

Argentine public officials or private citizens who torture prisoners can be jailed for life under new powers given to courts, Reuter reports from Buenos Aires. Officials who. know a prisoner is being tor-tured and fail to report it with-in 24 hours face a similar sentence, a government official

South Africans admit working for arms agency

court for alleged arms smuggling have admitted to working
for Armscor, South Africa's
quasi-government arms procurer and manufacturer. One
of the fugitives said the four
considered themselves
"We would like to stress that
The four appeared at a Press
conference on Saturday sponsorred by Armscor, the company
which has turned South Africa
into a weapons exporter in
spite of a UN embargo aimed
at punishing the country hecause of its policy of apartheid.

"We do not see ourselves as
that they were exporting items
in contravente on British law.
"We did not contravene any
count after South Africa pour
considered themselves.
South African Government's view, we
do not recognise the validity
of the Government.

The four appeared at a Press
conference on Saturday sponsorred by Armscor, the company
which has turned South Africa
into a weapons exporter in
spite of a UN embargo aimed
at punishing the country hecause of its policy of apartheid.

"We did not contravene any
count after South Africa four vere freed by a Coventry
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that they were exporting items
in contravene any
count after South Africa south Africa also promised the four wallon the four wall

PRETORIA — Four South Mr Hendrik Botha, one of the Africans wanted by a British four fugitives, said:

The four struck a patriotic illegally exporting weapons systome in spite of the charges tems to South Africa in violation for alleged arms smug
We do not see ourselves as that they were exporting items that they were exporting items to south Africa in violation of the UN embargo, the

style of political management.

who is very popular and who now stands revealed as both a

supporter and a rival. Second is

what it portends for the con-tinued unity of the Tanaka

faction whose approximately 120 members in parliament are the

most effective force inside the

leader, the Prime Minister has

been reminded that the lease

he holds on the party is not yet

appeared for their trial last Monday, and the court issued

Jumblatt and Berri threaten

to resign

By Nora Boustany in Beirut

TWO LEADING Moslem ministers in the Lebanes: Government have threatened to resign because of delays over political reform.

Mr Nabih Berri, the South Lebanon Minister, warned over the weekend that he would quit unless the Government accelerated efforts to carry out reforms. He also objected to a Cabinet decision cancelling state subsidies for fuel as part of austerity measures for the

coming year. Mr Walid Jumblatt, the Druze leader who is Tourism and Public Works Minister. charged separately that President Amin Gemayel and Prime Minister Rashid Karami were stalling on planned reforms that should

give Moslems a greater share in political power. Mr Jumblat has made a habit of boycotting cabinet meetings in recent weeks. The two most recent, extraordinary ministerial sessions concentrated on recouping lost government income, tax collection and extending government control.

On Saturday, officials were quied as saying that ships using illegal ports to unload would be attacked and con-

Mr Karami issued instructions to army commanders and police to draw up plans for seizure of the illegal harbours which operate under protection from armed mili-tias all along Lebanon's

East peace initiatives. Mr Muberak will confer with of France before going on to West Germany for meetings with Chancellor Helmut Kohl. High on the agenda of both sets of discussions will be the

The semi-official Al Abram newspaper, in an editorial on the eve of Mr Mubarak's departure, called for a revival of European efforts to secure a "comprehensive Middle East peace."

Palestinian issue.

BY TONY WALKER IN CAIRO

The newspaper noted that the European Community's 1980 Venice declarations of support for Palestinian senses..... tion had not resulted in a detailed plan of action, partly because of the lack of a unified Arab position.

been pursuing a more activist foreign policy. Jordan's decision late last month to restore ties with Cairo, broken at the time

PRESIDENT Hosni Mubarak of Mr Mubarak and King Egypt travels to France today at the start of a brief European agreed to work for a renewed tour in an effort to gather Middle East peace effort, includ-support for renewed Middle ing the possible holding of a ing the possible holding of a Middle East peace conference.

Western diplomats in Cairo renewed Middle East peace renewed middle hast peace efforts as part of a general preparation for the period following the U.S. presidential election when it is expected the new Administration will play a more active diplomatic role in the region.

However, while deep divisions remain within the Arab world, notably between Syria and the moderate Arab states such as Egypt and Jordan, there is not much optimism about real pro-gress on the Palestinian ques-tion.

to discuss economic assistance with his French and German hosts. Both France and because of the lack of a unified hosts. Both France and Germany have extensive economic links with Egypt and been pursuing a more activist are significant aid donors in the form of direct grants and "soft" loans. Mr Mubarak was also to have

of the peace treaty with Israel visited Portugal and Greece, but in 1979, has given Egyptian these visits were cancelled. No diplomacy a significant boost.

Egypt's Economy Minister attacked over court case

Mubarak in France

and W. Germany to

promote peace bid

BY OUR CAIRO CORRESPONDENT

EGYPT'S state prosecutor has launched an extraordinary sharp rise in the value of the attack on the country's Minister dollar on local financial marof the Economy over a case in the Economy over a case in the sasistant prosecutor. volving corruption charges The assistant prosecutor against bank executives and a warned Mr Said "against prominent money broker. repeating this behaviour in the

prominent money broker.

During preliminary hearings at the weekend by the Special Court of Ethics, Mr Hosny Abdel Hamid warned Mr Serious tension over the case. Mustafa Said, the Economy Senior government official are

Minister, not to interfere in the known to be concerned about case. Mr Hamid was referring to remarks Mr Sald is alleged to have made to a newspaper in which he claimed that action against the bank executives, including Mr Ali Jammal, chair-banks debts which in part led man of the Lebanese and to the court action.

Plot fails to end Nakasone's premiership

MR YASUHIRO NAKASONE cise terms under which Mr president, and, curiously, chair- also launched into a 30-minute was obliged to endure a difficult. Nakasone's name would be put man of the Tanaka party broadside against Mr Nakasone's was obliged to endure a difficult weekend, including revelations of a detailed political plot against him, but was last night finally assured of being returned as Prime Minister of Japan for another nominal two-

year term. Senior executives of the ruling Liberal Democratic Party convened in virtually non-stop session throughout the weekend, to debate what has for weeks seemed increasingly inweeks seemen that Mr Nakasone would be presented as the sole candidate for the party presi-dency at next month's conven-

However, it was only yesterday evening that his three potential challengers, Mr Kiichi Miyazawa, Mr Shintaro Abe and Mr Toshio Komoto, threw in

of the military government that often spoke of civil rule only to befool the people but has no respect for democracy." President Hossain Mohammad

forward this morning.

This centred on exactly how he would promise to "reform" the party, which means, in prac-tice, how he would pledge to reduce or eliminate the per-ceived influence of Mr Kakuei Tanaka, the former Prime Minister, convicted a year ago of accepting bribes from the Lockheed Corporation but still the most powerful politician in the land. Mr Tanaka is Mr Nakasone's biggest backer.

Bangladesh elections postponed

main opposition groups said to-day they were dismayed by the postponement of parliamentary power to civilians but was to lift martial law and set up elections planned for December. trying to consolidate his own an interim government to en-

a statement.

ections," the alliance said in tions was made inevitable by statement.

Mr Begum Khaleda Zia, who sition groups to take part in the

faction.

nowever, Mr Nikaido dis-closed over the weekend that he had been approached not only by such LDP factional leaders as Mr Zenbe Committee of the Nikaido affair appears two fold. First, Mr Nakasone must decide how to the committee of the nikaido affair appears two as Mr Zenko Suzuki and Mr Tako Fukuda, who run the second and third largest groupings, but also by the leaders of the second and third largest opposition parties, Komeito, the Buddhist based party, and the Democratic Socialists. Mr Nikaido insisted that he party.

Nakasone's biggest backer.

The major diversion of the bad never taken the overtures weekend was the revelation of the seriously. But he undermined the extent to which Mr Tanaka's this protestation by revealing widely reported to the public, that on Saturday he had had opponents have gone in their that on Saturday he had had also reveal the depth of misattempt to prevent Mr what he portrayed as an acritust of Mr Nakasone that exists Makasone's re-election.

It has been well known for Tanaka, during which he comhis external image as a strong some months that the search plained that his boss never for a compromise alternative seemed willing to allow one of the towel, and the party execu-tive was still meeting late into candidate has centred on Mr his faction to run for the party Susumu Nikaido, the LDP vice- presidency. Mr Nikaido then

Chad peace talks collapse

BRAZZAVILLE-Peace talks between Chad's warring factions have ended in failure, leaving postponement of parliamentary power to civilians but was to lift martial law and set up elections planned for December. They said the decision exposed the "autocratic character of the military government persistent refusal to accept assistant to the President, said that often spoke of civil rule opposition conditions for the the decision want President Ersand Prostrate want President Ersand Prostrate want President Ersand Prostrate President President President President, said of the military government persistent refusal to accept assistant to the President, said of the military government prostrate Prostrate Prostrate Prostrate President Ersand Prostrate President P open the possibility of renewed hostilities once France and Libya complete troop withdrawals. But delegates from both the French-backed administration and the second seco nistration and its main rival faction said they would explore

ways of resuming the talks Ershad put off the elections indefinitely yesterday for a said the President put up a
second time since he seized smokescreen by repeatedly ful election, but it is not power in a coup in March 1982.

Leaders of a 15-party opposibut he never took realistic ticipating," he said.

The was the second time in less than a year that disagreement put up a power in a coup in March 1982.

Leaders of a 15-party opposibut he never took realistic ticipating," he said.

The was the second time in less than a year that disagreement about who has the right to possible without all parties participating," he said.

The was the second time in less than a year that disagreement about who has the right to possible without all parties participating," he said. It was the second time in less

MANNESMANN

It takes a computer to remember it all Mark Twain 18th floor, right 75 million books are held by the world's biggest

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Western electronics

The Indians arranged to buy

The Indians arranged to buy the three large frame computers, worth \$35m, from Moscow earlier this month. A Soviet computer system costing between \$6m, and \$7m will be delivered soon for India's Oli and Natural Gas Commission and another worth \$8m to \$9m will be delivered next year for a regional computer centre.

But the Indian Government regards the Soviet offer of the new Elbrus super computer, costing about \$20m, which will be used in Russia for the first time next year and imported by India in 1985 as its major catch.

The agreement to sell it is seen as a significant example,

so far mainly seen in the defence field, of Moscow's

willingness to make unusually generous offers of advanced technology to India in order to wan the country sway from

reliance on the West.

A list has been drawn up of

in Indo-Soviet

BY JOHN ELLIOTT IN NEW DELHI

and other fields.
India sees the Soviet Union as a major potential market to supplement its own domestic demand. It plans to increase the value of its electronics production from \$71.5hn a year to

duction from \$71.5hn a year to \$10bn by 1980 and believes that bulk sales to the Soviet will help it reach these targets and meet international price and quality levels.

The arrangements will also help solve India's problems over importing the arge computers it needs. The U.S. is refusing to sanction Indian computer orders from IBM and Control Data Corporation without firm guarantees about the computers' end use.

barter agreement

Libyan pressure on Irish beef sales

By Brendan Keenaa in Dublin LIBYA is increasing its pressure on the Irish Republic to correct the trade im-

balance between the two countries. The ldbyans have taken no beef from Ireland for several weeks, although exports of live cattle are continuing. Beef and cattle make up about 80 per cent of Irish exports to Libya, worth up to 1530m (£65m) a year.

Mr Seamus Purcell, the leading exporter of beef to Libya, had talks in Tripoli last week. The Libyans want the Irish to buy crude oil in a direct deal through the Irish state oil company INPC, but some traders are not in favour of typing beeg sales to navour of typing beeg sales to oil purchases. They point out that Irish beef must compete on the open market for Libyan sales and see no reason why Ireland should not buy oil on the open market. Official Libyan oil prices were not as a more experience. were up to \$3 more expensive than comparable British erude, which supplies most ireland's needs, even before the recent price cut.

The Irish Government is reluctant to get directly involved in negotiations with Libya because of disagree-ments with aspects of Libyan foreign policy and the Libyan Government's sometimes ambiguous attitude to the troubles in Ireland.

There are suggestions that the Libyans feel that Ireland has not taken trade relations between the two countries sufficiently seriously. This may be corrected at a meeting of their joint trade commis-

sion in a few weeks.
Libya bought beef and cattle valued at Ir£40m last year but EEC subsidles mean. the value to Ireland is almost

Cloudy horizon for airline business

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ALTHOUGH THE overall finaning, the assembled chairmen and chief executives of the 134 member-airlines of the International Air Transport Assembled chairmen and cheap fare entrants into international Air Transport Assembled chairmen and consumer groups, and new cheap fare entrants into international markets, all continued to the continue cial situation of the world's de-regulation in the U.S. and major airlines may be improv- pressures from Governments, tional Air Transport Association meeting in Montreal this week have little real cause for

lata is forecasting a collec-tive profit on its members' international scheduled services of about \$1.2bn for 1984, well above last year's loss of \$300m. For 1985 and 1986, profits are expected to continue to improve to \$1.5bn and \$1.7bn respec-

tively. But there the good news ends. Not only is there as likelihood of another traffic downturn in the mid-1980s, but Mr Knut Hammarskjold, soon-to-retire director-general of the Iata, stresses in his annual report that a mass of troubles still beset the world airline industry. The industry is still trying to to improve its position following the cumlative losses of \$6.2bn registered since 1979. Many airlines are still trying to cut costs by laying off surplus labour, selling unwanted air-craft, eliminating unprofitable routes, and generally slimming

national markets, all continue to force fares down, making it more difficult for airlines to earn profits, despite rising traffic. Some of the major issues likely to be discussed in Montreal include: how to pay for the new fleets that will be needed through the rest of this century; how to recover "blocked earnings" - money owed by foreign governments which refuse to pay; and fares discounting by governments and airlines in many countries, especially in the Third World.

Other problems include rising charges for en-toute navigation charges for en-toute navigation facilities, landing fees and air-craft parking charges, increasing levels of insurance on air-craft hulls, the imminent removal (especially in the U.S.) of past immunities on taxes on international air transport and the ever-prevalent fear of anti-trust actions against lata members in the U.S.

At the same time however, meet traffic growth and comply with new noise regulations. This will require profits, before interest, of some 7.5 per cent of revenues or 10.5 per cent after allowing for tax.

The profits likely this year will fall far short of this. How, then, can the airlines meet their re-equipment bills? The only answer is new methods of financing.
As for blocked earnings,

lata estimates that some \$850m is still owed to the airlines by various countries. Some \$500m was recovered over the past year. African countries are the major culprits but the situation in the Middle East is now growing more serious.

Iata recognises the desperate shortage of foreign currency in some countries but it argues that the countries are jeopardis-

ing their own primary sources of such cash because sooner or later the airlines will cut off services if they cannot repratriate their earnings. This has already occurred in some African countries.

bers in the U.S.

A study by the Iata secretariat has shown that over the next decade the association's members will need to spend up to \$150bn on new equipment to a spend up to \$150bn on new equipment

revenues.
A "Fair Deal Monitoring Group" has been working for some time to reduce the scale of the problem and some progress has been made but in some parts of the world government support for undercutting makes it difficult to prevent. The problem with insurance

where higher premiums have been applied indiscriminately "with little regard to the claims experience of the individual airlines," has prompted late to study the possibility of reviving its own private insur-ance companies—Air Transport Insurance and Air Transport Guarantee, registered in

In lata's view, the current situation shows signs of a "silver lining" in a cloudy horizon. There remain many problems not least the need for governments to recognise that air transport is "an inter-woven, inter-dependent entity, developed through half a century of consensus and co-ordination.

Nigerian inspection teams arrive

By Patti Waldmeir

NIGERIA has sent teams of officials to London and Tokyo INDIA intends to adapt elec-tronics technology wich it im-ports from its European and the Soviet market. to inspect the country's imports from its European and Japanese collaborators to build up its own electronics exports to the Soviet Union. The exports, including satellite and telephone equipment will form part of a barter trade worth up to \$200m a year under which India will import three large-frame computers from the Soviet Union for use in nuclear and other fields. ports prior to shipment, in an attempt to move the backlog of goods created by Lagos's dismissal of its inspection agents last month. our inspectors arrived

London on Friday, and will begin physical inspection of goods later this week, the Nigerian High Commission said. Eligible for inspection will be cargoes which are covered by the "form M" import document which would have required inspection by SGS, the Swiss agents whose contract with Nigeria expired on September 30.

The Nigerian central bank has authorised banks to accept a clearance certificate from the team in place of the required "clean report of findings" from SGS when negotiating payment to exporters holding confirmed letters of credit.

The central bank began issuing forms M naming newly-appointed agents earlier this month and UK agents Cotecna International (UK) said goods covered by these documents can begin being cleared by the end of this

The new agents have not, however, so far been authorised to inspect the substantial number of cargoes which are covered by forms M issued before October L.

Exporters bave been instructed to ship these goods to Lagos for inspection on arrival, but many have been reluctant to do so, fearing that the goods might be refused entry or prices arbitrarily cut at their destination.

U.S. mixed

export credit

change near

an inter-agency committee before offering mixed credit financing for a multi-million-dollar locomotive sale to Botswana in which the com-

petition is a subsidised Canadian exporter. The Reagan Administration is philsophically opposed to

Organisation for Economic Co-operation and Develop-

year.
The U.S. has won only one of these bids so far, a \$15m deal for machine tools sold to Indonesia against Japanese and French competition.
Although the disastir challenge in the disastire challenge in the cha

will not be directly chal-lenging France, the most aggressive provider of mixed credits in the Botswana bid, it is thought that the proposal will serve notice that the U.S.

is prepared to throw in resources into subsidised financing if necessary.

Officials still hope that the EEC will reach a mixed-credit concensus next month so that general OECD talks may begin in December.

By Nancy Dunne in Washington

people prowling around to see what we do. We are a selfrespecting country and we need a second source." There has been controversy The six are GEC from the UK. Slement and Krone from West Germany, Face Standard of Italy, Ericason of Swaden and NEC of Japan. **UK** component maker sets up joint factory in Delhi

guarantees about the computers' end use.

"We are in a very difficult situation with countries in buying computers, even for our oil and railways networks," Mr S Viajayakar, secretary of the Indian Electronics Department, sisd.

"We cannot always have people prowling around to see what we do. We are a self-respecting country and we need a second source."

A list has been drawn up of 12 electronics products for expendences provides to the Soviet from India to the Soviet from India to the Soviet from India to the Soviet from Six or seven of which in the provide prior approval from the computers out of a short list of six. The six are GEC from the UK, Siemens and Krone from West Germany, Face Standard of Italy, Ericsson of Sweden and

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

QUINTON HAZELL of the UK, chief executive. "The investin what it claims is a milestone ment might seem relatively in the development of the automotive component industry in important to QH as a development, with the Talbros Company tion of a strategic market we of New Delhi to produce steering and suspension components, this year to 420,000 in 1986.

The new company, 60 per production of cars and com-

Washington

TWO U.S. Government agencies may soon offer mixed credit financing for exports, in an effort to compete more effectively in foreign markets with subsidised exports from other countries.

The Export Import Bank and the Agency for International Development (AID) are awaiting final approval from the Agency for International Development (AID) are awaiting final approval from

bros Steerlinks, has acquired a factory and is in the process of equipping it. The total investment will be over £1.3m, according to Mr Ray Sollett, OH's

include MESSM worth of refined petroleum products. Italy im-ports MESSM worth of semi-manufactured goods and re-

exports. Attempts to persuade Italy to increase its imports or to step up investment in Maita's manufacturing industry have not borne fruit.

The central bank said that the ban would stay in force until an improvement in trelations became visible.

Deficit prompts Maltese ban on Italian imports

BY GODFREY GRIMA IN VALETTA

philsophically opposed to subsidised export credit and when it does make such offers it would prefer to bid against France, which it believes to be blocking a move towards concensus on mixed credits within the MALTA HAS suspended imports from Italy ports from Italy to exert presure worth M285m annually and sure towards a more favourable. trading balance between the ment (OECD).

Congress last year lost patience with negotiations to end or limit "predatory" financing by competing countries and passed legislation requiring that the two agencies offer particles and credity. two countries. Last year the Maltese trade deficit with Italy reached M£70m (£119m) in spits of pledges by the Italian Government to buy more Mal-tese goods. mixed credits.

AID, which provides foreign aid for development, has been particularly reluctant to allocate its limited resources for commercial deals but Eximbank has already offered mixed credits in support of U.S. exporters five times this year.

A central bank statement sald the temporary step was being taken to avoid a "very bad" situation from becoming

disastrons. No import licences or cash payments to Italy will be sanctioned while the ban is WORLD ECONOMIC INDICATORS

similar ban already operates on Japanese goods and at one time imports from France were

INDUSTRIAL PRODUCTION (1975 = 100)

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> > 29th October 1984

SHIPPING REPORT

Atlantic rates up but Gulf remains quiet

BY ANDREW FISHER, SHIPPING CORRESPONDENT

Atlatule picked up sharply last week, as the Russians chartered

Coates reported that five Iron ore cargo rates remained Nearly 40 ships totalling loading region to show real Panamax vessels, capable of low, however. Denholm said around 11m deadweight tons signs of life, added Gibson, was going through the Panama there were signs of congestion are lying idle off the Gulf. the Caribbean and east coast of Canal, were taken at around in the U.S. Gulf for grain E. A. Gibson Shipbrokers said Mexico.

round trips.

the U.S. But tanker activity in the main Gulf loading area was weak as a result of uncertainty dver oil prices.

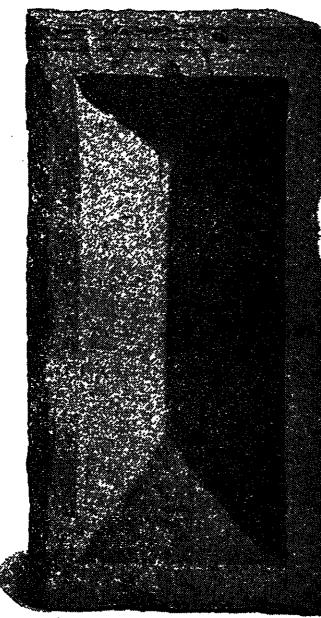
Details of Soviet chartering were sketchy. But Denholm Coates reported that for the compared with the standard previously rumoured. Single voyage rates for Panamax ships from the last week, as operators waited to see the outcome of talks between producers on future oil prices.

difficult and dull."

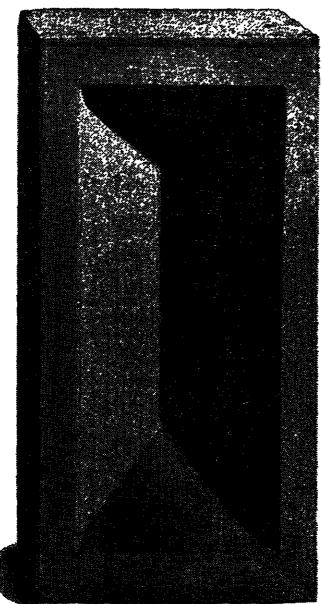
FREIGHT RATES across the \$5,500 a day for transatlantic cargoes, while the dry cargo seven more of around 2m dwt market in the Far East was were likely to appear in the first half of November.

Chartering of VLCCs (very Middle East virtually dried up large crude carriers of more than 200,000 dwt) was minimal from the Gulf. Most vessels fixed were around 80,000 dwt, mainly to the East. The only

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Inflation put at under 5% over next four years

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UK OUTPUT will continue to grow cent in 1984 and 2 per cent next centre for Economic Forecasting says in its latest Economic Outlook published today.

be over by the end of the year.

The centre says that apart from the loss of output due to the strike,

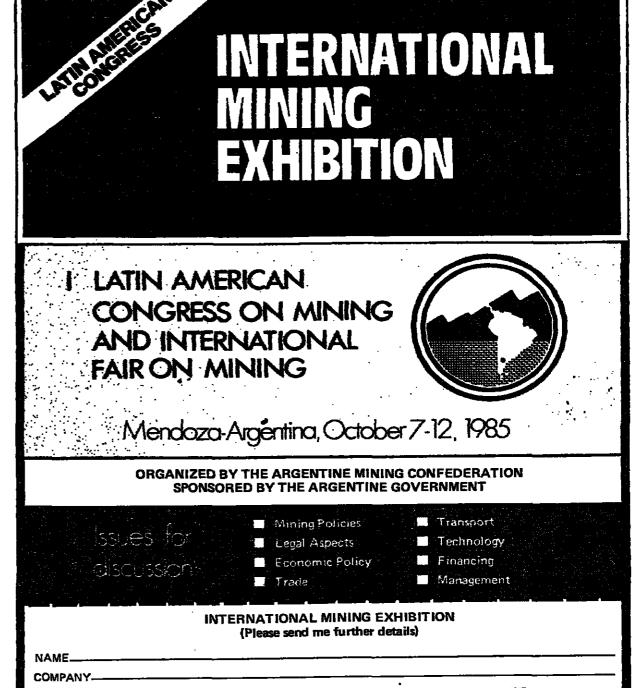
It says that on past experience a at an average rate of around 2 per cent a year for the next four years with inflation a little under 5 per with inflation a little under 5 per cent, the London Business School's

The centre says that apart from the business cycle these figures become 2.3 per cent and a half years in which output and a half years in which output. had been growing at between 2 and

Price plan would hit small airlines

BRITISH AIRWAYS (BA), is seeking a pricing policy for airport charges which would "discourage the use of small aircraft" at Lon-don's Heathrow airport. This would be likely to hit small

ain's main airport. Heathrow is run-



BL may raise car pay offer

subsidiary, is today expected to pay offer rejected overwhelmingly by its 28,000 manual workers.

enough extra money will be forthcoming for union negotiators to seek a re-think by the workforce which has voted to support industri-THE IN De al action.

The company has said it wants "a reasonable" negotiated settlement. Mr Harold Musgrove, the chairman, has set the tone for today's talks with a warning that strike threats will not intimidate the management into agreeing wage settlements that can not be afforded.

Similar forceful warnings will be pressed at the recently privatised Jaguer Cars which faces a more urgent strike threat. The 7,000 manual workers have voted to walk out from Thursday in protest at an of-fer which would give a typical trackworker a rise of more than £25 a week over the next two years.

3 per cent a year, the centre says it expects some slow-down in growth, official figures suggest a fall in manufacturing production between the fourth quarter of last year and ning out of runway capacity at peak times, especially at the height of but only to about 2 per cent a year. However, it says this growth would not be fast enough to reduce the second quarter of 1984. This A substantial further rise in in-A Government limit of 275,000 unamployment in the period. The does not square, however, with the number out of work is expected to most recent evidence from Confedvestment is expected, with total pri-vate non-residential investment up aircraft movements a year was fixed for next year when Terminal rise to an underlying adult rate of eration of British Industry surveys by more than 22 per cent during the Four opens at Heathrow, but the two years 1984 and 1985. airport operated close to or at that 3.3m by 1986 and to remain at that of manufacturers and the centre level for the next two years. The centre says that its forecast assumes that the miners strike will ery is evident, are excluded from Companies were likely to main-tain profitability and meet substan-Whitehall policy to liberalise domestic air services, with more airtial increases in average earnings preliminary statistics." The effects would then be confined mainly to the coal industry, but it will also change the growth rate of the whole economy. Understand the for gross domes the competitiveness) in the man
the effects would then be confined mainly to the coal industry, fore, higher than official figures suggest and that "some of the pressing output we expect total employment to rise only by half a per cent a year, not quite sufficient to match the rise in the working population." lines and competition on routes, is partly responsible for the pressure on runway capacity. ☐ THE GOVERNMENT is expected to take the first formal step towards lying growth rate for gross domes-tic product is estimated at 3% per ufacturing sector is misplaced." removing its statutory controls on the price of milk this week. This would end price controls for so-called "premium" milks, such as those produced in the Channel Islands and South Devon. ☐ THE ATTACK by British Telecom (BT), on the market for large private exchanges (PABXs), has been hampered by production limi-tations at GEC Telecommunica-BY ARTHUR SMITH, MIDLANDS CORRESPONDENT Mr John Egan, the chief execu-tive, has thrown his personal an-so a week might be added to basic AUSTIN ROVER, BL's volume car BT has sold all the large expay. This move, however, proved in-sufficient to buy off union opposi-tion in the negotiations at Jaguar. More militant shop stewards make a slight improvement on the thority behind repeated managechanges it had ordered from GEC in. ment declarations that no more new money is available. In a letter the year until March 1985 and is expected to have to wait for further to workers he emphasises: "A But the key test will be whether have been arguing that last week's strike, no matter how protracted, mass meeting have given the negotiating committee a mandate to give gramme providers are pressing the will not change the company's ofgramme providers are pressing the strike notice should it not be satisfiovernment to allow more methods Jaguar management will spend ed with the revised company offer. It seems more likely that the of distributing progammes to try to the next three days trying to shift increase the size of their market. opinion against a stoppage. Efforts to involve national union leaders in company will make any improve-They want the Government to ment sufficient to justify the negopermit distribution of their programmes via satellite to small cable any move to break the deadlock will tiators consulting further not only be hampered by the fact they will with the shop stewards leaders but with the whole workforce. networks in blocks of flats council be tied up in the delicate Austin estates, hotels or even military Rover negotiations. Austin Rover is known to be unbases. One suggestion is that satellites could be used to deliver pictures of race meetings to individual happy with the use of mass meet-Both sides at Austin Rover hope the negotiations will not drag on be ings to test shop floor opinion and is TELEX considering whether to take advan-tage of Part 2 of the 1984 Employyond today. The company, with its opening offer of 4.7 per cent plus consolidation of £3.75 a week bonus betting shops. Concresos internacionales s.a. ☐ TRADE UNION fears that the ment Act which only came into for-Moreno 584 - 9º piso (1091) Buenos Aires - Argentina Mail to: Moreno 584 - 9 piso 1 100 1, Tel. 34-3216/3283/3408 - Télex 22036 JECON AR in each of the next two years, has ce a few weeks ago. Government will attempt to depres Under the new legislation em-ployers can go to the High Court to obtain an injunction and/or damwage levels in order to create jobs clearly left a little room for manoeuhave been raised in a letter sent by Mr Norman Willis, general secreages to prevent industrial action betary of the Trades Union Congress It seems inlikely that concessions ing taken if it has not been sancwill be made on a much-criticised to Mr Tom King, Employment Secproductivity-related tioned by a full secret ballot. On October 29th, SIA makes air interpretation with the first non-stop flight to Singapore. Every Monday. Thursday and Saturday, as part of our daily service, our exclusive BiG TOP 747s fly you non-stop from London to Singapore, making Sydney, Melbourne, Adelaide and Auckland just one stop away. With the kind of inflight service even other airlines talk about.

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UK NEWS

Warning to rail unions of 'inevitable' cuts

BY HAZEL DUFFY

BRITISH RAIL's 200,000 employees are given a stark warning today of the implications of the miners' ness to competitors, and that the restrike on the future of the railway

Mr Bob Reid, BR chairman, writ- as had been expected. ing in Rail News, the industry

the next few years." Since the recently published corporate plan was written, BR has at-Since April, BR has been carry-

This reflects BR's acceptance

vigorous steps will have to be taken ity to persuade these major custom-to cut resources" in the light of the inevitability that there will be "sub-stantially reduced levels of traffic in the part few years." turn to us after their experiences in

empted to quantify the longer-term ing only about 10 per cent of its noreffects of the pit strike on the fight mal coal business, which usually actually act 1985-86 against break-even in the nearly half of total pass

that it will lose some of its coal business to competitors, and that the rethe system of track allocation costs. building of coal stocks at power sta- freight pays a share according to its usage of the track.

Most coal is carried on passenger

Mr Reid said: "It will take years tracks at some stage of its journey. of sustained effort and high reliabil- Any loss of this freight business would mean that the pas would have to make up the shortfall

Mr Reid also gave a warning that the worsening of BR's finances overall will make it "even harder" to finance the east coast main line electrification project which re-ceived Government approval in the

The message is obviously calculated to bring home to the rail

Ford establishes fleet sales division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

competition which threatens its dominance of fleet car sales in Britain by setting up for the first time a fleet sales division for cars and trucks, headed by a director.

Mr David Hurst, 39, director of truck sales, will take over on December 1 as director for car and truck fleet sales.

The change is part of a major restructuring of Ford's operations which will merge car and commercial vehicle responsibilities at the top of the sales and marketing orga-

It coincides with the publication of an independent survey of compaof an independent survey of compa-try car schemes which found that 16 per cent to 13 per cent of the ny commented yesterday.

Ford's share of this business has dropped from 55 per cent to 48 per cent since 1982, whereas General possibly 50 per cent of total new car. Motors, the Vauxhall-Opel group, has doubled its share from 12 per cent to 24 per cent.

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The survey of more than 1,000 companies by Company Secretary's Review, also showed that the Vaux-hall Cavalier has taken over as the best-selling company car in the U.S. with 19 per cent of the market. Ford's Cortina had 29 per cent in show its share of fleet sales has re-1982 but its replacement, the Sierra, mained at about 50 per cent and accounts for only 16 per cent, equal GMs advance has not been at to the Ford Escort.

registrations in the UK.

cently introduced the Montego, a model aimed particularly at win-ning company fleet business. It has also set up a network of dealers to

Ford claims that its own statistics show its share of fleet sales has re-Ford's expense, "It is not a question BL, the UK state-owned vehicles of attempting to recover lost-roup, since 1982 has slipped from ground. We want more, the compa-

Yarrow in line for £110m contract

By Lynton McLain

YARROW SHIPBUILDERS, the Clydeside warship yard, is set to win a contract worth more than Eliam for the construction of the prototype Type 23 frigate for the

Yarrow is one of the warship

curement said at the weekend. He announced the decision at the launching of the latest Type 233 frigate, HMS London, at the Clyde shippard.

The Ministry of Defence (MoD)

the Royal Navy's anti-submarine warfare surface force in the 1990s. Conventional and nuclear powered submarines of the Royal Navy bave the anti-submarine role underwa-

The MoD wants HMS Norfolk, first six months to a year after delivery to the Royal Navy. The follow Type 23 vessels will be issuated attention satisfactory complet evaluation of these trials. This is

likely to be early in 1990. In line with Mr Michael Hessi-tine, the Defence Secretary's emmasis on greater efficiencies in the on orders will all be put out to competitive tenders, to other yards as well as to Yarrow. The main comp titors are likely to be Vickers Ship builders at Barrow in Furne Swan Hunter on Tyneside and Vosampton. Cammell Laird on Mersey side and Harland and Wolff in Bel fast are also possible contenders.

The Type 25 frigate was designed by the Royal Navy and the Ministry of Defence. The final design was approved by the Admiralty Board in October last year, when detailed design work was well advanced at Yarrow Shiphuilders. Yarrow was the only warship yard asked to ten-der by the MoD.

Type 23 as the Royal Navy's main abmarine frigate marked the end of hopes by the private sector, led by design consultants Thornycroft Giles and associations, for acceptance by the MoD of the rival S90 frigate design. This short and fat design failed to meet naval requirements, now met in the conventional, long and thin hull design of

The MoD said the "first batch of Type 23 frigates will be known as the Duke class." This suggests that the MoD is considering ordering further batches of the vessel in the

the Typ 23 vessel.



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UK NEWS

Engineering export orders up by 15.5%

By Lynton McLain

farrow

EXPORT ORDERS in the comhined UK engineering industries rose by 15% per cent in the second quarter this year, but the number of ew orders in the domestic market fell by 7 per cent, compared with the previous three months.

New export orders for machine tools show a 26 per cent rise in the first seven months of this year, compared with the correspon period last year, according to the latest figures from the Department of Trade and Industry.

The total new orders in the indus-tries, covering mechanical, electrical and instrument, engineering, declined marginally, over the peri-

Sales in export markets rose by 8½ per cent, against 2 per cent in the UK domestic market. The electrical and instrument engineering sectors showed a 4½ per cent rise in sales, but this was offset by a 1 per cent fall in sales of mechanical en-

Order books in the three engineering industries contracted by 1 per cent as the absolute level of new orders fell below that of sales. Export orders on hand, however, rose by 8 per cent, reflecting a 14% per cent increase in the instrument and electrical engineering indus-

Sales of metal-working machine tools rose 6 per cent in the three months to July.

Total new orders were unchanged but remained above sales in absolute terms. The total order book rose by 7 per cent over the period, with export order books up by 12 per cent.

Brewers press for sales in U.S.

Financial Times Reporter

UK BREWERS will be making a major promotional effort this week to stimulate the U.S. thirst for Brit-

Eight brewers will be manning the British stand at the annual convention of the National Beer Wholesalers of America, to be held in Las

Vegas.
The U.S. is already Britain's higgest overseas market for beers, taking some 150,000 bulk barrels of the 458,000 barrels exported last year.

Industry puts funds into genetic plant research

BY DAVID FISHLOCK, SCIENCE EDITOR

a commercial setting.

It has pledged about £15m to a Cambridge enterprise called the Agricultural Genetics Company AGC), which aims to exploit the advanced technology of agriculture, such as the genetic engineering of

The fount of research this company intends to tap is the laboratories of the Agricultural and Food Research Council, the government-funded research effort in support of agricultural science in British universities, which cost a total of

£100m this year. It was seen by its founders with the former National Research Development Corporation - now Brit-ish Technology Group (BTG) - as the "country cousin" of Celltech, the biotechnology company launched in 1980 to exploit the research of the Medical Research Council.

Present shareholders in AGC are Ultramar, the oil company; Advent, wenture capital company; Biotech nology Investments, the Rothschild trust and BTG.

Next month, in a private placing, three new shareholders are expect-ed to be recruited by AGC - Ciba-Geigy, Eli Lilly and the Danish Sugar company. At the same time its

INDUSTRY is participating in a operating capital is expected to mour's small management team new experiment in transferring grow from £2.28m to more than has identified potential business British science and technology into years, says Dr Roger Gilmour, its

> Dr Gilmour, 42, a scientistturned-businessman with extensive company experience, was recruited last year to develop this new initia-tive in technology transfer from basic research to industry. What is emerging differs substantially from other entrepreneurial biotechnolo-

gy companies, including Celltech.

AGC's primary mission is to exploit the science of the Agricultural and Food Research Council, and more specifically of six of its laboratories associated with the plant sciences. These hand-picked centres of excellence are the Rothamsted Experimental Station, with a budget of £6.5m; the East Malling Research Station (£3.7m); the Plant Breeding Institute (£3.1m); the Glasshouse Crops Research Insti-

Althogether, AGC is dipping into plant science research costing around £19m a year, with every encouragement from its administration right up to Sir Ralph Riley, as chief executive of the research council, who sits on the AGC board.

target areas for exploitation in the next five years. One is the application of microbial agents to agriculture, for example to accelerate growth or control a pest. Already AGC has acquired a small company called New Plant Products, created to exploit some of these ideas.

One idea which public pre may accelerate is the cocktail of microbes concocted by the Glass Crops Research Institute for decomposing straw, as an alternative to straw burning.

Dr John Kingsley-Pallant, AGC's director of sales and marketing, is aiming to have a commercial product ready in time for the ban on straw-burning he says he expects by 1988.

The business target that is absorbing the largest AGC effort at present is improved plants, says Dr Peter Dean, AGC's director of research and development. Dr Dean tute (£2.7m) and the John Innes Institute (£2.1m); together with the Unit of Nitrogen Fixation at Sussex pect of putting resistance to an insect pest into a plant by genetic

Over the next year AGC plans to fund an experiment which could show not only whether scientists have pinpointed the genes that imthief executive of the research part insect resistance, but whether those genes can be transplanted successfully by genetic engineering.

Scepticism over N-waste forecast

SIR FRANK Layfield QC, the Sizewell B power station inquiry inspector, has said he is sceptical over a forecast by a government depart-ment that approval for a new radioactive waste dump is likely within

nuclear power station on the east

coast of England. The comment came as the inqui-ry was told of the uncertainty surrounding the future of radioactive waste dumping in the UK.

Even the applicant for a new dumping ground was more pessi-mistic about the time needed for obment, the inquiry heard.

active waste could clear planning hurdles by 1988 and be available by

However, the Nuclear Industry rex) which will be responsible for The inquiry is into the Central making an application, said at the Electricity Board's plans for a U.S. style pressurised water reactor at a such a site being ready before as 1997. 1992-3, a forecast which itself was met with some scepticism

He told Mr Philip Critchley, Under Secretary at the Department of the Environment in charge of radioactive waste disposal, that he considered the department's timetable unrealistic.
Mr Critchley said it was a tight

taining planning permission than timetable but one which could be the Department of the Environ- achieved. He accepted there was a

A senior official in the department He said his department had only ment said at the hearing last week recently learned that the capacity

that a new site for low-level radio of the existing low-level waste dump at Drigg in Cumbria was being cut by nearly half because of en geological problems.

Mr Critchley said the site could Radioactive Waste Executive (Ni- be full by the year 2000 although he admitted under cross-examination by the Town and Country Planning

Despite the need for a cut in capacity, however, the life of the Drigg site could be extended into the next century, he said. This could be achieved by either compacting the material dumped or by burying it under mounds built over trenches which were already full.

realistic programme forward to the Secretary of State about proposals not only for Sizewell B but for facili-He said his department had only ties to cater for its radioactive



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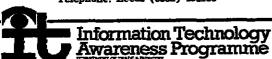
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UK NEWS

Andrew Arends looks at a re-run of a Maxwell bid fight Waddington a leaner and fitter opponent

tive groan in the boardroom of John ket. Waddington, the Leeds-based board games and packaging manufacturist by U.S. quiz game Trivial Pur-

Waddington, the defence against leader. Mr Maxwell's bid last year cost the dington board could probably "do market. without another bitter and bruising battle" with Mr Maxwell.

attempted to put up barriers to any printing. In February it bought further advances from Mr Maxwell Vickers Business Forms, which with two acquisitions, further re- prints computer paper and other dundancies and a £5m rights issue business stationery. In June it in June. But while most observers acquired Questa, a smaller compa-feel that the Waddington manage-ment has achieved a turnround in UK and overseas market. the company's fortunes, trading Business stationery, and "securconditions remain tight.

tionally as one of the leading board Waddington sales. This end of the game manufacturers. In recent printing market is expected to grow years however, this position has over the next few years, and despite slipped, according to Hamleys, the tough competition companies such leading London toys and games as McCorquodale, a specialist printshop, as new products from other ing and packaging group, and Bem-

THERE MUST have been a collection companies have entered the mar-

er last week when it was an suit, manufactured in England by nounced that Mr Robert Maxwell's Palitoy. Although Waddington has British Printing and Communica-responded by producing its own tions Corporation (BPCC) had made Masterquiz, to rival Trivial Pursuit another takover bid for the group. in the run up to Christmas, the U.S. According to figures released by game is likely to remain the market

With the ever-popular Monopoly company more than £200,000 and a in its list of products, however, great deal of the directors' time. As Waddington's games division still one stockbroker put it: The Wad- enjoys a large share of the domestic

Over the past nine months Waddington has made further moves in-Since last year Waddington has to the more specialised areas of printing. In February it bought

conditions remain tight. ity printing" (stamps, cheques etc)
John Waddington is known tradiaccount for about 35 per cent of

printer, remains relatively profi-

With the addition of Questa, Waddington now produces about 10 per cent of stamps for the Post Office. The other 50 per cent is produced by Harrison and Sons, part of Lonrho, the multinational holding group. Waddington has been trying to obtain a larger share of the Post Office contract, and if it is successful, this side of the business could

The future seems more uncertain for Waddington's plastic packaging division, which faces tough competition from larger companies such as Bowater, the paper packaging and building products group, and Metal Box, the packaging and central heating group. Market conditions are tight and most manufac-turers have been hit by the increased cost of raw materials as the pound has fallen.

become very profitable for the

Waddington, however, is trying to carve out a nicha for itself on the plastics side, particularly in oven and microwave oven-proof materi-Waddington is looking mainly over-

are at present being test-marketed in the U.S. However, it will take years for sales volume to reach a level where it will make a significant contribution to Waddington's

The future is more clouded on the paper packaging side. This division overlaps with Mr Maxwell's BPCC, particularly in the production of labels on cardboard cartons.

One of the problems Waddington faces in this area, according to one analyst, is that it is not big enough to get the economies of scale in pro-duction available to the larger companies. Conditions on the packaging side are very tight, with compa-nies such as DRG, the paper pack-aging and engineering group, and Metal Box having a very strong

One of the beneficial effects of Mr Maxwell's bid for Waddington last year was that it forced Waddington's management under its en-ergetic managing director Mr David Perry, to make the manpower cuts and rationalisation necessary to get the company back on track. Wadals. And although the UK market dington is now thought to be in a offers some potential in this area, much stronger position than it was Waddington is looking mainly over- when Mr Maxwell launched his

BUSINESSMAN'S DIARY UK TRADE FAIRS AND

November 5-8 5th Offshore Inspection, Repair and Maintenance Conference and 6th AODC Underwater En-gineering Symposium (61.549 5831). Aberdeen

EXHIBITIONS

Daily Mail International Ski Show (0634 660852) Earls Court November 11-15

International Domestic and Con-tract Textiles Exhibition (01-572 2121); and International Furniture Show (021-780 4141) NEC, Birmingham

Fluid Handling Exhibition and Conference INTERFLOW (01-680 7525) Harrogale

November 20-22

International Exhibition on Computers and Communications in Investment, Banking and Insurance (01-868 4466)

Barbican Centre (9832-54511)

—TAXFAIR (0403-56113)

Weakley Conference Centre January 2-13

London International Boat Show (9832-54511)

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Trade Fair for Clothing Textiles Middle East Building Materials
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October 30-November 5 October 30-November 5
International Tourism, Rotel
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Beijing

Offshore Industries Exhibition
and Conference — HOLLAND
OFFSHORE (01-437 2175)
Amsterdam November 1-5
International Exhibition of
Office Equipment Furniture and
Stationery — OFFICE (01-883
Bangkok

November 11-15 Industrial Development Exhibition—SAUDI INDUSTRY (01-498 1951) Riyada

Nevember 16-25 International Trade Fair (Con-sumer Goods --- FINNCONSUM (01486 1951) Helsinki

November 25-28
International Construction Equipment Congress and Embibition (01-637 2400)
NEC, Birmingham

8040) Olympia Nevember 28-50 Electronic Displays Exhibition and Conference (0280 815226)

Rensington and Agri-December 2-6 Royal Smithfield Show and Agri-cultural Machinery Exhibition (01-235 0315)—trade only on Early Court

Energy Efficiency in Building Exhibition (601-236 SEAT) Building Centre, Manchester

December 6-7
UK Tax Congress and Exhibition
—TAXFAIR (0403-56113)
Wembley Conference Centre

Kensington Exhibition Centre

November 27-29 Underwater Tachnalogy Exhibi-tion and Conference—SUBSEA (0923 778311) Rotterdam

November 27-December I International Hardware Exhibition — HARDWARE (0494 775444) Kusia Lumper

December 14-38 New Year's Fair (01-486 1951)

BUSINESS CONFERENCES

October 29-31

London international corporate finance conference 1984 (01-637 4383)

Conference Services: Convention of the Bureau International de la Récupération (01-584 4236)
Grosvenor Honse Hotel, WI

Institute of Taxation: Tax and

Institute of Directors: The insurance jungle—a way through (01-839 1233) 116 Pall Mall, SW1 October 31-November 1-2 Inteco: Small computers in Europe conference (01-637 9986) Royal Garden Hotel, W8

November 1 City Business Conferences: Swap financing (01-727 5120) Glaziers Hall, SE1

IMEDE: Developing world-class management for world-class

Staniland Hall Associates: Guide-lines for company plans and budgets—the UK economy in 1985 and 1986 (01-359 6054) Centre Point, WCt

Business Briefings: ECU-The Commercial use of the European Currency Unit (01-381 1284) City Conference Centre, ECS November 8-9

November 5-9 FT Conference: The second professional personal computer conference (01-521 1355) Regal Lancaster Hotel, W1 November 2 The Institute for Fiscal Studies mpetition policy (01-828 7545) Regent Palace Hatel, W1

The Henley Centre for Fore-casting: Corporate plans—fore-casts for business (01-353 3961) Derchester Hotel, W1 November 14 Business Briefings: Manufactur-ing abroad (61-881 1284)

Nevember 27-29
DIBC (UK): Foreign exchange dealing and money market dealing (01-788 1146) November 27-29 Radioactive waste management

CFS Conference Centre, W1

Barbican, EC2

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Financial Times Conferences

THE SECOND PROFESSIONAL PERSONAL COMPUTER CONFERENCE London — 8 and 9 November, 1984

Mr Bill Gates, Chairman of the leading U.S. software house Microsoft and one of the most influential figures in the personal computer business, will give the opening address. The star-studded list of speakers includes Mr Ben Rosen of Compact Computers, Mr Susumu Aizawa of Epson Corporation, Mr Mitchell Kapor of Lotus Development Corporation, Mr Mike Murray of Apple Computer Inc., and Mr James J. Edgette of Entré Computer Centers Inc.

VENTURE CAPITAL FINANCIAL FORM London — 3 and 4 December, 1984

This event, arranged by the Financial Times and the British Venture Capital Association, provides a unique opportunity for investment managers to meet some of the leading venture capital backed companies in Britain. After short presentations from some 30 companies in the mornings, maximum time will be allowed in the afternoons for private meetings between delegates and participating companies from the following sectors: Biotchnology, Computers and Micro-Computers, Electronics, Instrumentation, Process Control and Software.

THE FINANCIAL TIMES **EUROPEAN GAS CONFERENCE** Vienna - 11 and 12 December, 1984

Following a successful gas forum in Venice in 1982, the Financial Times is pleased to announce its European Gas conference in Vienna on 11 and 12 December. Charlet by Mr G. Kardaun and Mr Peter Gaffney, contributors will include Mr M. K. Faid, Mrs Helga Steeg. Dr Ballan Balkay. M Jean Traversin, Mr Peter Vrancken and Dr John Ganit. Economic and political factors, finance, supply and markets provide the agenda. Venice was acknowledged as providing useful background papers as well as expert judgment and the sponsors believe European Gas will be equally valuable.

All enquiries should be addressed to: The Financial Times Limited Conference Organisation Minster House, Arthur Street London EC4R 9AX Tel: 01-621 1355 (24-hour answering service)

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THE WEEK IN THE COURTS

INSURANCE

Lords provide a notable victory | Underwriters face tax probe for freedom of expression

BY A whisher The Guerdian The Law Lords have said ment's nuclear arms policy. last week lost its forensic cusels that there is no distinction to with the Government over the Court of Appeal's order in the preliminary stages of an action before trial and discourse to hand over immediately the importance "secret" closure at the trial. The requiring disclosure is not destroy the importance with its sell-take journalist in the witness-bax is cribed by reference to the form as much protected as his or the requirement takes, but by reference to its consequences. document with its tell-tale dounnalist in the witness-bar is crinec by reference to its consequences. The state of the second of Miss Sarah Tisdell, its leaker.

The same of the sake of the more and successful problems of the saked to hand over a document and this is manna to liberal opinion. But what of the exceptions? Time alone can tell how much use can be made of them

However, in the House of Lords last week, a notable vic-tory for freedom of expression was achieved.

Five Law Lords swept aside the lower counts' depressingly restrictive response to the journalistic claim to protect the newspaper's source of informa-tion. They reasserted resound-ingly the full impact of Parlia-ment's declaration in section 10 of the Contempt of Court Act 1981 that, subject to four specific and limited exceptions, "no court may require a person to disclose the source of information contained in any publi-cation for which he is responsible."

*L. 12

tions at

Lord Frazer of Turkybelton cocksimed that it was not for the counts to relax the standard fixed by Parliament, particu-larly where there was a flavour of constitutional right of free-

were quick to spurn the Guardian's claim to a constitutional, right to protect its

the Law Lords were also sources of information, but quick to point out that Parliamenther they nor their judicial ment had said no disclosure brethren diminished by one jot would be ordered unless it was brethren diminished by one jot Parlisment's affirmation of the public interest in the full and or more of the four accepted free flow of information, grounds—not "necessary or unhampered by any reticence which might be induced in suppliers of information by a risk of their being unmasked at the lation. Nor would it be enough that the claim was that the of their being unmasked at the hands of the courts.

The primary and unanimous assertion by the House of Lords that rights of property must yield pride of place to such public interest, even where there is some value in the property—in this case the intrinsic value of the document was zero—is of the greatest righticances.

clearly the Government's legal advisors and their counsel in court started their case against The Guardian with the notion that the 1981 legislation, whatever else it established, could not possibly defeat an owner claiming to recover his

owner claiming to recover his own property.
That approach was amply justified in the High Court and, except for the notable dissenting voice of Lord Justice Griffiths, in the Court of Appeal. The idea has now been firmly scotched and that is not the only significant reversel of the lower courts' crabbed approach to the media's claim to freedom except for the notable dis-senting voice of Lord Justice Griffiths, in the Court of Appeal. The idea has now been firmly scotched and that is not the only significant reversal of the lower courts' crabbed approach to the media's claim to freedom of expression.

The Act gives no right to com-pally purveyance to the public of any information. This is a tacit acknowledgement of the res-ponsible behaviour of The Guardian's editor in not pub-lishing (indeed destroying) a second leaked document which touched directly on the Governof expression.

More important is the court's opinion. But what of the exceptions to any claim to discipate under one of the four at the instance of those who exceptions. The law before 1981 gave a judge a discretion whether to demand an answer from a journalist refusing in understance of information. The witness-box to reveal a source of information. Under the 1981 Act there is no discretion in the court. The judge has a partners of intended to cretion in the court. The judge the 1981 Act there is no dis-cretion in the court. The judge must decide in a particular case as a question of fact whether the claim to disclosure is made out and the onus is on the party which seeks the order for disclosure to make a case.

Those who so claim must adduce evidence for the court's satisfaction and their evidence must be as specific as possible as to the reasons why disclosure is necessary in the interests either of national security or one of the other three grounds. It was the dearth of specific information dom of expression.

Supplied to the courts in the
Lords Diplock and Roskill Guardian case alone which led to the division of opinion among the five Law Lords.

necessary in the interests of one if the claim was that the interests of national security were justifiable, Necessity is a compelling word which indicates the importance attached by Parliament to the protection afforded to the

Other features of Parliament's intrusion into a branch of law which had hitherto been developed by the judges, un-aided by statute, are also im-portant to note. The law con-fers no powers on the court additional to those already existing Editors will also take comfort from the ruling that the choice of what information should be communicated to the public lies with them and them

The Act gives no tight to comtouched directly on the Govern-

BY JOHN MOORE, CITY CORRESPONDENT

those arangements are allowable auditors.
as a tax-deductible expense But sin against profits. The Revenue is Revenue has widened the scope closely examining the level of its inquiries. Inspectors are reserves established by Lloyd's currently studying the relaunderwriters for future claims tooship between insurance to the control of the

reserves established by Lloyd's currently studying the relaunderwriters for future claims and questioning whether they are justifiable.

Since April this year, about
Since April this year, about
special investigations section have been trying to analyse the underwriters' commercial transactions to see whether the reinsurance—and the attendant actions to see whether the arrangements have a commercial purpose or are designed to mitigate tax liabilities.

of justice in the course of legal proceedings in a court of law or of a tribunal exercising judicial powers. The full impact of "the interests of pational security" will receive another airing when the Law Lords pronounce at the end of next month on the GCHQ appeal.

Lords pronounce at the end of next month on the GCHQ appeal.

The third and fourth exceptions relate to the prevention of disorder and of crime. It is one of the oddites of the common are that the Covernian area that the c to a company prepared to carry ment's claim was always this type of arrangement. directed to an assertion of Interest was earned on the pro-national security consideration. In the many consideration is a profit margin. It was not directed to the agreed between the underwriters and reinsurance. The balances between reinsurance claims colected and the amounts paid across by underwriters could be returned to the syndi-

cate at some future date.
The Inland Revenue is trying to assess the true underlying risk of the business insured in this way and the amount of premiums paid across in the form of reinsurance —

THE INLAND Revenue is have sold members of Lloyd's On one hand, they say, they engaged in its most detailed whose affairs they look after have to demonstrate to world investigation yet into the accounts of insurance underwriting syndicates within the Lloyd's insurance market.

Lloyd's insurance market.

dealing with identifiable and served and capitalised—yet, on the necessary of the other, the Revenue is Under scrutiny are reinsurance arrangements by underwriters at Lloyd's and whether
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The arrangements are allowed to redden the arrangements with their

But since April the Inland exposure to catastrophe claims, Revenue has widened the scope such as asbestosis which take

reinstrance—and the attendant

minm—really necessary in re-lation to Lloyd's total risks. Another aspect of Lloyd's affairs is also under Revenue scrutiny. Each year, Lloyd's, tike an insurance company, has to take a view on the amount of reserves it will need to meet future insurance claims. Those through a "reinsurance to close" item, under which amounts are charged out as in-surance expenditure and rolled over into the next underwriting account as a balance set aside for future insurance caling. The "rolled up" amount of Lloyd's reserves stands at £2.7bn, after an increase of £600m in the last Company journals underwriting account.

The Revenue is seeking a more detailed account from the Lloyd's market about the current level of reserves, because the amounts set aside are tax deductible. It wants a more precise indication about the business and risks against which Lloyd's has set aside reserves.

Underwriters at Lloyd's are

The agents argue that Lloyd's years to pay out fully, means that adequate reserves and pro-tections are essential.

They point out that until May this year, Lloyd's had settled about 6,500 insurance claims on asbestosis liabilities at an average cost of \$89,000 (£72,950). The final cost to insurers will not be known for years.

Lloyd's recently announced accounting reforms should help in its relationship with the Inland Revenue. The amounts of reserves set aside in a reinsurance to close item will have to be indeed. have to be judged reasonable by syndicate auditors, in accordance with "true and fair" accounting standards. And Lloyd's is attempting to estab-lish a satisfactory basis for reinsurance accounting arrangements with the Revenue. This will lead to more standardisa-tion and should eliminate many of the present causes of dispute

'wasting money'

EMPLOYERS are accused of wasting money publishing "pixie-dusted trivia" in company newspapers. Most publi-cations did harm by showing management as a "patronising, self-glorifying lot who think employees are gulifole nincompoops," according to Chief Engineer magazine.

in the form of reinsurance—both anxious and angry at the which, of course, reduced the syndicates notal disclosable tax—able profits.

Among Lloyd's underwriting rollover funds in the courts.

Agends, the Revenue's attitude of rulings on rollover funds in the courts.

So far has given rise to a cerwider implications of the sain degree of alarms. They Revenue's the current approach.

Conderwriters at Lloyd's are both anxious and angry at the Engineer magazine.

About £30m a year was invested in employee journals, but most of them gave an world of simple dewy-eyed living simple lives," said the article.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THE STOCKS THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON MONDAY, 29th OCTOBER, 1984.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 26th October 1984, and has issued to the Bank, an additional amount of £150 million of each of

9% per cent TREASURY CONVERTIBLE STOCK, 1988 11 per cent EXCHEQUER STOCK, 1991 9½ per cent TREASURY LOAM. 1999

11% per cest TREASURY STOCK, 2001-2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 26th October 1984 as certified by the Government Broker. In each case, the amount issued on 26th October 1984 as certined by the Government Broker.

In each case, the amount issued on 26th October 1984 represents a further tranche of the relevant Stock, ranking in all respects pari passa with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 26th September 1983, 6th April 1979, 12th January 1973 and 18th May 1979 respectively, may be obtained at the Bank of England, New Issues, Watling Street, London EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

91 per cent Treasury Convertible Stock, 1988

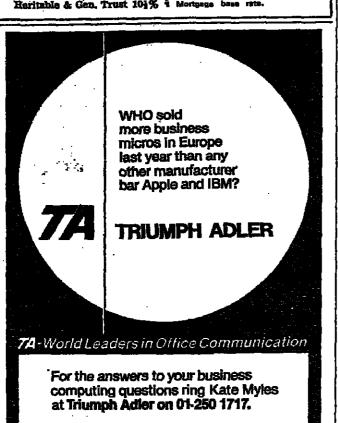
11 per cent Exchequer Stock, 1991

Redemption. Interest payment dates 14th June 14th June 1988 14th December 25th October 1991 25th April Exchequer Su91 per cent
Treasury Loan, 1989
111 per cent
Treasury Stock, 2001-2004
Treasury Stock, 2001-2004
or on or at any time after 19th
March 2001
whiert to not 25th October 15th January 1999 15th January

19th March 2004, 19th March or on or at any 19th September subject to not less than three months' notice

Each further tranche of stock issued on 26th October 1984 will rank for a full six months interest on the next interest payment date applicable to the relevant Stock. Holdings of the further tranche of 9½ per cent Treasury Convertible Stock, 1988 may, at the option of holders, be converted in whole or in part into 9½ per cent Conversion Stock, 2002 as on the remaining conversion dates, BANK OF ENGLAND LONDON

BASE LENDING RATES



Sell shares to public, building societies urged

Justinian

single word was not intended to be an antonym of "injustice."

It means the administration of justice in the course of legal

Guardian case that the Govern-

detection and prosecution of Miss Tisdall undertaken "pour encourager les autres"— "les autres" being other poten-tially like-minded civil servants.

If The Guardian had wou last

week by three votes to two instead of losing by that single

judicial vote, an admonishing finger might have been waved

at the Court of Appeal. That court entertained the appeal in

December in the afternoon of the morning on which Mr

Justice Scott gave his judgment against The Guardian.
The next morning the Court of Appeal dismissed the appeal

and ordered the document to be handed over at once, in spite of a request for a stay pending an

appeal to the House of Lords, for which the Court of Appeal itself gave leave. The editor of The Guardian was bound to

comply. Expedition of court business is always wholly admirable, but in this case it

might easily have turned out to have constituted an unaccept-able rush to judgment. In the event no editor could be so

captious as to complain.

The phrase in section 10, "no

court may require " disclosure of the sources of information is composed of plain words, easily understood. Parliament recognised as much. nised as much. The judges have unequivocally and emphatically

underlined it.

Financial Times Reporter

Financial Times Reporter

THE high street offices of building societies would be a good place for the public to buy and sell shares, according to Michael Montague, chairman of the National Consumer Council.

"The Government is considering at the moment what changes are needed in the legislation that covers building societies. I should like to see the public being able to buy and sell shares over building society countres," he says,

Share trading is conducted mostly by faceless people at the end of telephone, he said. But NCC research had shown that customers value the friendly building society service and many would like building societies to offer a full range of banking services."

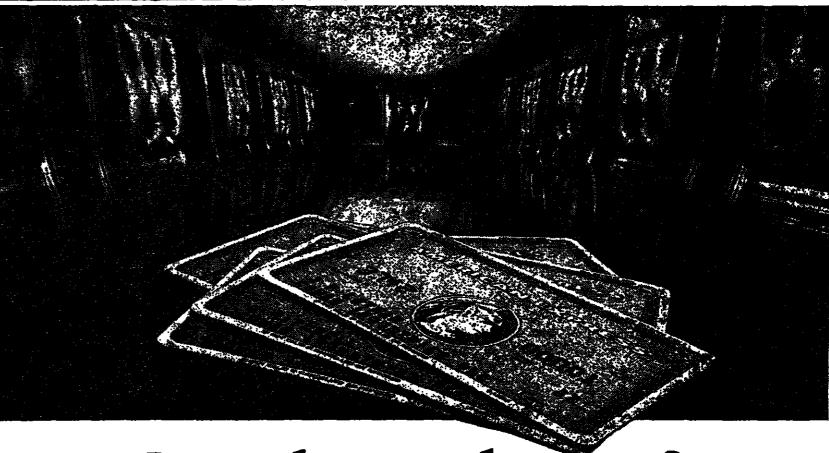
Mr Montague added: "buying and selling shares through building society counter staff they know and like coul dbe attractive to consumers who want to buy and sell stocks and shares but have no idea how to set about it."

Profitability managers' main concern'

PROFITABILITY was the dominant concern of chief executives and was more than twice as important as industrial relations, which came last out of 12 responsibilities according to a new monthly survey by the London-based PA management and technology consultancy services group.

NOTICE OF REPEMPTION Southern California Edison Finance Company N.V. U.S. \$75,000,000

Notice is hareby given that Southern Californi Editon Finance Company N.V. has elected t redeem all of its putstanding 1975 Gonzánez Debentures Dae 1936 (the "Debentures") o November 15, 1984, at the Rademption Frice (1985, of their retinities) progress.



Boardroom luxury? Or business necessity?

The American Express Corporate Card System.

A recent survey has shown that at any given moment no less than £780 million of British company money is in employees' hands in the form of cash advances for travel, subsistence and entertainment. Just to service these advances costs £94 million a year from cash flows. The American Express Corporate Card system eliminates

floats at every level of the company - releases working capital you can utilize more profitably - and also provides you with the information you need to keep a tight grip on expenses.

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No worries about employee misuse

The Corporate Card has another advantage which distinguishes it from the Personal Card. Accept the American Express Waiver of Liability and your company is protected from employee misuse of the Card.

Check before you pay

The system provides you with a Monthly Statement of Account together with Management Information Reports. They give you at a glance coverage of the whole account and how each, and every, Card has been used each month. You have full control because every charge can be checked <u>before</u> it is paid,

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The Corporate Card system is only one of the many financial management tools available to you from American Express Travel Management Services. We can help you formulate travel policies that will eliminate the hidden costs of ad-hoc buying. And with a network of over 1,000 American Express travel offices around the world, nobody is better placed to get you the best deals on fares, hotels and the day-to-day necessities of travel.

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Find out how the American Express Corporate Card system can be tailored to meet your company's needs. Send this coupon to Roy Stephenson, Vice President Travel Management Services, American Express, Southside, 105 Victoria Street, London SWIE 6QX.

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INNOVATION IN TV DESIGN

Why the humble TV is now a coming attraction

BY ROBERT COTTRELL IN TOKYO

nine channels at once, freeze a frame of the one you like, or zoom in on a detail and print it out. The television set after that may be able to design battleships, do the shopping, and invite your neighbours to

This common-or-garden variety consumer durable is This now the nexus of technological innovations analogous to those which intervened in hi-fi audio between the wind-up gramophone and the compact disc player. Television sets in the next two to five years will receive television programmes which will look better, and sound better. Some will hang on your wall, others will fit in your pocket. They will remind you of your dentist's appointent, or display and print out the pictures which you took with your filmless camera.

turers more than a medium-term "bulge" in television sales if consumers can be per-suaded en masse that their oldgeneration sets need to be replaced Japan's biggest-selling consumer electrical product, the video-cassette recorder (vcr), may soon be peaking in sales growth. The outlook is last year. It says it has now good for sales of electronic developed the technology for a components, office automation colour version, and industrial products, but Sony Corr analysts have been worrying tinguishes between that manufacturers would not nology used to find new consumer product sales to substitute for any

The buzzword for the new generation of television sets is 27-inch model with a built-in "digital," a method of trans- electronic timer, address book mitting and storing electronic and memo pad and a digital information which is more filter to sharpen picture quality, precise and more flexible than But Sony's major digital televiagnal is a series of distinct digital scan converter, to be pulses. An analogue signal launched in December at a finctuates in intensity. An price of Y200,000.

ON THE next television set you appearing on the screen. Nine buy, you may be able to watch Japaness companies have nine channels at once, freeze a licensed digital circuitry licensed digital circuitry developed by ITT, and the first fruits are already being announced and marketed.

Mitsubishi Electric Corpora-tion, for example, says it plans to market a digital colour vision set next year with a "freeze-frame" facility, made possible by a memory chip capable of storing digital video signals. The set will have a "windowing" facility, to dis-play several different signals simultaneously. While one programme is being displayed on the screen, a second can be "inset" as a miniature display occupying one-minth of the main screen. Or the screen can display nine different programmes simultaneously in a three-bythree chequerboard pattern.

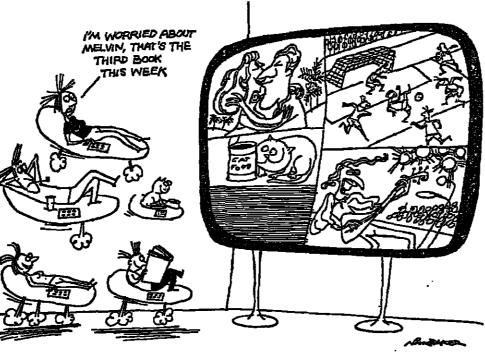
Freezing and windowing are not new technological breakthroughs, but the pace of change Few things would delight in related electronic products is Japanese electronic manufactory convincing Japanese manufacturers that the time is now ripe to incorporate them into standardised, mass-production tele-visions. Freezing, for instance, becomes useful rather than decorative when allied with a television printer. Mitsubishi Electric produced an instantaneous black-and-white printer

Sony Corporation dis-tinguishes between digital technology used to make the tele-vision a "fun" product, and used to produce a better quality picture. It is launching its "fun" television this week, a

analogue signal, converted to

The DSC-10 is one part of a
digital form, can be easily
component video system, restored and manipulated.

The DSC-10 is one part of a
digital form, can be easily
component video system, requiring also a monitor screen Digital electronics can proand a signal source, such as a
duce better-quality television television tuner or vcr. The
pictures, and allow the viewer DSC-10 duplicates each of the
to "play" with the image individual lines which make up



a televisual image. Japanese television uses a 525-line image, slightly coarser than the British 625-line standard, in which the grain of the individual lines is readily seen. The DSC-10 generates a 1050-line "high-density" image in which the grain of the individual lines is so fine as to be indiscernible. The digital scan converter's significantly better picture quality means that that tele-

vision screens can get bigger without their pictures becoming unpleasantly coarse grained.
Sony enginers expect high-density televisions to feature typically 30-inch screens, against 20-inch or so screens for conventional models. Fine picture quality means more enjoyable viewing of television entertainment, but it also has the practi-cal importance of allowing more data to be compressed on to a single display when the television is used as an information medium—for instance as the terminal for a Prestel-type inter-

active service, or home com-

But if Sony is pointing the way towards larger televisions, new display technologies are pointing the way towards smaller ones. Setko, better known as a watchmaker, with a 21 tuch liquid crystal launched in spring this year a pocket-sized colour television display screen (led) Casio, better known as a calculator manufacturer, plans to launch

next year. Casio and Selko have a lot of headway to make against tele-vision engineers who say that lcd screens cannot match the sharpness and colour of the phosphorescent tube which is lcd screen?

Improving television sound quality has not been a technical, but a marketing problem. How to persuade consumers to invest in high-fidelity to hear the even-ing news? One major incentive may lie in the latest generation of videocassette recorders, led by Sony's Beta format, which offer high-fidelity stereophonic soundtrack recording and replay. In a development of complementary importance, the United States has also this year set a standard for stereo broadcasting. The "console" television, with screen and loud-speakers bundled into a single housing, may soon seem as dated as monophonic audio. All of these technological changes are aimed at making televisions which deal better with existing signal sources—
primarily broadcast stations,
secondarily videocassette recorders and, lagging far behind,
videodisc players. Each of these sources will go through its own changes in the near

Y50,000 recorder, in Japan at least. European consumers are at the mercy of the Japan-EEC quota-fixing agreement which helps keep European retail prices high but ver will pro-bably soon come under pressure phosphorescent thoe which is alony soon come under pressure today's dominant display technology. But led, they say, has exching prospects for displays in which miniaturisation is the main criterion. How far away is the credit-card television? or the portable computer with colour superior to tape for both quantity and coupling of information. tity and quality of information storage. So far, however, only disc players are available as consumer products. The video disc's true advance into the home will begin when a homerecording technology is stan-dardised for mass-production. Television broadcasting is itself changing, with cable and satellite delivery systems gain-ing ground. The state-funded Japan Broadcasting Corporation Japan Broadcasting Corporation has developed a technique, called MUSE, for broadcasting true high-density television—as opposed to the "pseudo high density" produced by Sony's DSC-10. Engineers guess it will be anything up to 10 years before af least the Japanese and U.S. television industries have standardised and switched main.

standardised and switched main-stream broadcasting over to a stream broadcasting over to a true high-density format.

By that time, in Japan at least, the television set will be an integral part of a new nationwide communications project called "information network system," aimed at linking together every piece of communications equipment traffo. in intensity. An price of Y200,000.

gnal, converted to n, can be easily component video system, remanipulated.

lectronics can producing also a monitor screen and a signal source, such as a requality television tuner or ver. The dallow the viewer DSC-10 duplicates each of the which it hopes to be massively and the sources will go through project called "information netting its own changes in the near together every piece of component video system, remanipulated.

Casio has also produced to a 1-inch led screen model next together every piece of component video system, remanifacturer, plans to launch its own changes in the near together every piece of component video system, and a signal source, such as a requiring also a monitor screen as the producing version and a signal source, such as a 12-inch led screen model next together every piece of component video system, and a signal source, such as a 12-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a 1-inch led screen model next together every piece of component video system, and a signal source, such as a 1-inch led screen model next together every piece of component video system, and a signal source, such as a 1-inch led screen model next together every piece of component video system, and a signal source, such as a 1-inch led screen model next together every piece of component video system, and a signal source, such as a 1-inch led screen model next together every piece of component video system, and a signal source, such as a 1-inch led sc

Semiconductors

Chip makers | Notebook invest in automation

SPENDING on automated equip-ment for fabricating silicon chips in the U.S. is expected to grow sharply as American manufacturers take steps to improve the quality and quantity of their products.

Intel, Texas Instruments and IBM are expected to spend over \$300m each this year on automated equipment for the production and processing of "wafers," the discs of silicon on which the patterns which determine the characteristics of the individual chips are printed. U.S. manufacturers are expected in total to spend some \$3.3bn on this kind of equip-ment, up from \$2.3bn last year. These figures come from a new report published by Frost and Sullivan, the New York based market research firm.

based market research firm.
The report suggests that spending on hardware and software for controlling the accuracy of wafer production and movement of wafers through semiconductor pages. will grow by an average of 30 U.S. worries over competi-tion from heavily automated

Japanese producers underly these ambitious spending plans. Factory management com-puters and networks dominate spending patterns today, but spending on real time process monitors which track opera-tions carried out on wafers is expected to draw level by 1993. Devices for moving the wafers from one part of the factory to another—tracks, tunnels and robot systems—will take up the remaining one-third of the total spend.

Frost and Sullivan point out that increased automation means reduced dust contamination-human workers are the chief source of particulate contamination in factory clean It also means fewer breakages

and better production manage-ment: "Work-in-progress inventory value is very high at per-haps \$42m for a 5,000 wafer a week line. This can conserva-tively be cut to \$12m with automation." The study adds: "Adding an estimated 75-100 per cent improvement in die yield and 10-15 per cent in wafer yield

through reduced breakages, payback can be very fast.

*The Automated Semiconductor Wafer Fabrication Market in the U.S.; \$1,550; more from Frost and Sullivan in the UK on 01486 8377. **Electronics**

watches

SEIRO of Japan continues to make the running in turning the humble watch into an all purpose wrist instrument (a name first used by Hewiett Packard for its very expensive and very limited HP-1 digital watch with red light emitting diode display).

The latest Selko can operate as an electronic notebook for storing personal informa-tion such as telephone num-bers, flight and train times. Up to 1,000 characters can be stored; input is through a separate keybeard in a similar manner to Selko's Data 2000 watch issueded cartier this year.

The watch can, in another mode, display daily schedules—up to 15 appointments for a single day or 43 over a 31 day period. Each night at midnight, the

watch automatically erases the last days schedule. The Seiko "Memo Diary" will cost about \$195 when it is launched outside Japan early next year. It also tells the time.

Genetics

Designing molecules

coming accustomed to using computers to "design" mole-cules of their choice. One of the first computer software packages for this design task has been released by the Pacific Northwest Laboratories of the Battelle Institute.
Called CAGE/GEM (com-

GENETIC engineers are be-

called CAGE/GEM (com-puter Aided Genetic Enginee-ring/Genetic Engineering Machine), the package is a software toolkit incorporating computer-sided design and human factors engineering factors engineering techni-ques with a choice of relevant genetic engineering databases. Scientists can use the kit Scientists can use the kit to simulate and analyse the dynamic relationships between genetic elements and sequences of DNA.

Databases currently available which are systed to the

able which are suited to the system include GENBANK, European Molecular Biology Laboratory's DNA Sequence and Battelle's Genetic Data-base. More from Battelle in the U.S. on (509) 375 2002.

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Material**s**

Structural analysis

JOHNSON MATTREY may have lost its bank, but not its helance.
The equipment arm of the Johnson Matthey group has developed a magnetic susceptibility helance for use

susceptibility balance for use as a research tool and as a teaching aid.

Developed in confunction with Professor D. F. Evans of Imperial College, the balance is used to determine the valency state of a material as an aid to structural analysis.

Magnetic susceptibility is the ratio of the intensity of magnetisation produced in a substance to the magnetising force of a field to which it is subjected, and the magnetism valency state.

can be used to determine valency state.

The device uses ineving magnete and a stationary sample tube. Readout is digital and samples of only 250 milligrams can be measured accurately.

It costs £959 (plus VAT). Johnson Matthey says a comparable Goop halance system costs bewteen £3,000-£4,000.

Geology

Earth mapping

DYNAMIC Graphics has launched seleware for earth science mapping and modeling simed principally at the exploration, potroleum engineering, reservoir development departments and initiation committees of oil and gas companies, as well as operators and well logging communics.

companies.

According to Dynamic Graphies, the system interactive Surface Modelling—is active surrace moneting.—is the first earth science map-ping and volumetries produce that addresses the interface betwen the human expert and the software program. More from Dynamic in the U.S. on (415) 845–8180 and in the U.S. on (415) 845–8180 and in the UK og 6714 796836.

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How Satelite 'helps them earn more'

Terry Dodsworth explains how production management in the U.S. clothing industry is being enhanced with personal computers

needs of shopfloor manage-

But at last things are changing down on U.S. production lines as well. A few weeks ago, Cincinatti Milacron, the machine tools manufacturer, ammounced that it was introducing a new system of program-ming its computer controlled machine tools based on the IBM PC personal computer, and in the textile industry, a U.S. group is aiming to change the face of manufacturing with a device designed at Galashiels

Willcox & Gibbs, once a manufacturer of sewing machines, is planning to market a machine called Satelite, which is the brainchild of three Scottish electronics engineers who set up their own company, Eildon Electronics, three years ago. Satelite grew out of Checkmate, an earlier product that has a proven record of improving productivity in the U.S. apparel industry.

Apparel manufacturing has some peculiar characteristics

which have made production in aid with the industry difficult to auto-more," mate and control. Because companies typically make a huge number of different products, manufacturing is usually labourintensive. The industry also tends to use piecework payment

workers set their own pace of rise by this amount, it will take work, which may not be ideal the machines back—something either for them or for the factory as a whole. Second, the Satelite takes this electronic payment for piecework involves a laborious process of collecting potential bottlenecks before they occur, so that stocks tend to build up to a much higher level than should be strictly

Checkmate set out to attack only the first of these problems. It is a deceptively simple electronic device in which indivi-dual workers key in their own output every time he or she finishes a batch of materials. A small screen then displays the operator's target production alongside his or her actual output and the percentage of the target achieved.

Although checkmate looks like an extremely obvious motivational device, Wilkox & Gibbs claims that it has been highly effective. Far from objecting to something which effectively makes them work harder, operators appreciate an aid which "helps them earn more," says John Ziegler, the

president. Willcox claims that productivity improvements, measured in output per unit of time, has gone up in different companies using Checkmate by between 10

THE DESCTOP electronics boom that has made the average Wall Street office look something like the cockpit of Concorde has not proved anything like so adaptable to the medic of shooffeer manager. There are a number of weak workers set their own pace of shooffeer manager workers set their own pace of shooffeer manager.

measurement and motivational idea one step forward. The new a ration of process of confecting the able step forward. The new marked up work slips. Third, it is extremely difficult to spot Checkmate is capable of, but it potential bottlenecks before they occur, so that stocks tend to build up to a much higher result, the entire factory floor level than should be strictly can be tied up to a central processing unit giving management. cessing unit, giving management much more control over the pro-

duction process.

According to Ziegler, the U.S. apparel industry has been seriously trying to tackle its control problems in piecework plants by using electronic data processing systems for the last four to five years. Yet even today, many factories use the traditional methods of ticketing bundles—which can amount to 250,000 items at any one time in a big plant—to keep a track in a big plant—to keep a track of work in progress.

At the end of the day, the tickets are collected, marked

off by the individual operators. The information collected in this way is then collected for that managers can plan the next day's operations and draw up individual payrolls.

The new Elldon machine will, however, be capable of pro-

Zeigler says that U.S. viding all this information electronically. The operators will continue to count com-pleted bundles, but they will apparel manufacturers have already installed other, highly sophisticated data processing

do it electronically, thus generating information which can be fed into the computer. At the same time, this infor-mation can be linked to similar thus systems, which have proved effective. But these take some time to develop, and generally deliver information only after the event because the figures facts coming in from elsewhere in the plant to give manageare processed overnight on a big mainframe computer. They ment a real-time view of the production process. The idea is to give managers the ability to intervene and sort out probalso tend to be expensive.

The attraction of the Eildon process is that it is simple to install, easy to operate and brings control right down to the factory floor in real time. It is also relatively cheap—
it is aiming at overseas markets,
Willcox is currently using the
Zenith personal computer,
which costs around \$3,000 as

the centrepiece of its system. "We know of one large company which spent \$500,000 to instal a real-time system for 150 sewing machines, or around \$3,300 a machine. The group is satisfied with the results, but cannot justify spending the same amount elsewhere," says Ziegler. "We shall give it the same efficiencies for around \$660 a work station."

The unknown factor is how

If the product lives up to its promise, it would clearly provide a substantial boost to Willcox, which only eight years ago was operating under the U.S.'s Chapter 11 bankruptcy proceedings. It would also help the three Scottish founders the three Scottish founders. They sold out for an undis-closed sum under an agreement which will yield more payments if the Eildon products generate profits of a specific level.

robust the system will prove in operation. Willcox has won

its first contract and should have its first unit up and run-

If that proves a success, Will-

least 200 and as many as 300

plants using around 150 sewing machines in the U.S. alone

—giving it a potential market of between \$20m and \$30m on

its present prices. In addition,

sive industries, such as electro-

ning by the end of the year.

Accountancy (UK), August and then collapses, and howeventually—the organisation can recover from crisis; contends that a new chief executive is necessary to ensure

> These abstracts are condens These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HAS 8DJ.

Managing design

A demanding curriculum

Christopher Lorenz on a new polytechnic course

TECHNOLOGICAL innovation

This was how the Prime Minister, Mrs Margaret Thatcher, earlier this month launched "Managing Design," an initiative to make product design a "core" subject in postgraduate education at polytechnics and colleges. Its aim is to create a new generation of man-agers who, unlike most of their predecessors, recognise what has been dubbed "the primary of the product "to their com-pany's commercial success.

The project is the latest an a three-year stream of govern-ment-backed moves to promote the use of design in industry; though most of them have emanated from the Department of Trade and Industry, they sonal support from the Prime Minister berself.

The initiative is being jointly financed by the Government and the Council for National Academic Awards, the body which supervises courses at polytechnics and colleges. It will get under way next autumn with milit courses at finances. with pilot courses at Kingston, Leeds and Leicester polys; so great is the interest in the edu-cational world that they are likely to be followed by many of the 50 other polys and colleges which offer CNAA postgraduate management programmes.

But what will be taught, and how will it be fitted into an already crowded confusion? How, in other words, will this educational revolution be

achieved?

The declared aim of the CNAA is that at least 5 per cent of course time should be devoted to design; ideally, it argues, the ratio should be 10 per cent, giving design the same amount of coverage as "traditional" core subjects such as finence and accounting market. ing or operations management.
That means, of course, that
something will have to give;
other core subjects will have

At the London Business could be exploited "much more effectively" in Britain if senior industrial managers made better use of design. "We have in this country many talented design courses has left the design courses has left the design courses has left the signers, capable of responding consumer demand."

This was how the Prime Minister, Mrs Margaret Thatmonths.

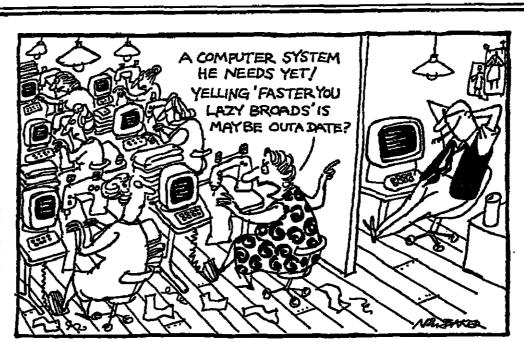
The outline carriculum al The outline currettima at-ready drawn up by the CNAA is certainly demanding. Described in detail in a report* published to coincide with the launch of the initiative, it covers nine different topics: design in an economic and business context, the nature of design work; design and product strategies; design policy making; researching design and product requirements; managing design projects; elements of design work; evaluating design results and legal and quasi-legal aspects of design.

Though some elements or this programme are already taught on certain causes—notably marketing and operations management—most of them are not. The CNAA report says that the "transfer" of such topics to the design curriculum, and their subsequent enhancement, would subsequent enhancement, would allow new material to be intro-duced into the existing courses; alternatively, the existing ex-pertise could be used more fully and effectively.

The report calls for a substantial degree of interdisciplinary teaching, with polys and col-leges drawing on their current pool of design teachers to pro-vide practical input to the courses. It also suggests that business students and design students should work together on certain projects.

Drawing extensively on the experience of other countries—particularly West Garmany, Italy, France, the Notherlands, the U.S., Camada, Japan and Hong Kong—the report con-cludes that "a definite concern about the role of design in infinance and accounting market ternational competitiveness is log or operations management.

Managing Design. Single copies free from CNAA, 344-354



Management

abstracts

Can your new product pass this test? B. Donah in Business Marketing (U.S.), July 1984. Describes a new product screening questionnaire, aimed at asessing a product's competitive advantage, compatibility with prspective customers corporate values/current tech-nology, and potential risk; claims it provides an objective dimension to a new product lanch decision.

User involvement in building

11 July 1984.
Describes the background to the design of the new headuarters building for a French Co-operative bank—the Banque Populaire at Cahors-which involves the architects in con-sultation and participation with a series of study groups—staff, customers, local dignitaries, shareholders, and management Describes the features of the site and final building.

Posting sciarled openings. J. W. Miller in Busines Horizons (U.S.), May/June 1984. Examines the practice of job posting (the internal advertising of salaried vacancies) and design. M. Meade in The warns that it carries risks— Architects' Journal (UK), delays in filling cacancies,

reducing the scope of manage-ment discretion, dissatisfaction among unsuccessful candidates; discusses some more acceptable alternatives to job posting, e.g. simultaneous internal and external advertising.

land), July 1984.

Summarises the market, staff, financial, administrative, and aid considerations when intending paid to ways of cutting out

Here's where the advantages of McAlpine Charter really come home.

covering financial evaluation, systems which saved energy and leading to development of a long-term marketing pro-Controls for saving light. The Architects' Journal (UK), 1

lems as they occur, thus breaking down bottlenecks and re-

"With the software we have

designed, departmental man-agers or supervisors can tell

what the status of production is in every part of the plant," says Ziegler. "A personal com-puter will be powerful enough

to collect and summarise this sort of information and if you wanted to go further, you could go to a higher system without

buying a dedicated mainframe

ducing inventory levels.

considerations when intending paid to ways of cutting out to set up operations in France.

Product launch. B. Donah in cribes four ways of controlling business Marketing (U.S.), light using time switches, photocells, occupancy sensors and localised switching. Shows how localised switching switching. Shows how localised switching s June 1984.

Outlines a critical path localised switching. Shows how analysis method for planning a Bradford and Portsmouth City new product launch programme, Councils introduced monitoring

ystems which saved energy and existence is often ignored or first denied) hits the management of a company, how the munication. D. Haggie in organisation first disintegrates Annual reports as aids to com-

Architects' Journal (UK), 1
Argues that annual reports should not be dull and boring stresses that although lightAccountants Magazine (Scotland), July 1984.

Architects' Journal (UK), 1
Argues that annual reports should not be dull and boring presentations of company ing is an important part of total finances which "hide" unenergy consumption in many pleasant truths and highlights good points; instead they should be stylish and powerful in order to give authority and to stand

Describes how crisis (whose

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Fornes 68.3%	BeskriveWeek 61.8%	FORTUNE 48.4%
*Market Facts, Ir	c. 1984 or Thousand Circ	ulation
		FORTUNE
Forbes	BusinessWeek	4C Page \$52.20
4C Page \$43.08	4C Page \$49.07	

For further information, please contact Peter M. Schoff, Director of International Advertising, Forbes Magazine, 50 Pall Mail, London SW1Y 5KQ, England, Tel: (01) 930-0161/2.

with Fortune and Business Week, Forbes was judged to be overall favorite by 44%, versus 29% for Business Week and 19% for Fortune. When regular readers were asked which of

the three reflects best the excitement of business, Forbes had twice the scores of the other two. And when asked which of the three stands for "free enterprise," 71% named Forbes, compared with 13% for Fortune and 7% for Business

These results confirm surveys done over the past fifteen years showing that more officers in big business read Forbes regularly than either Fortune or Business Week As the graphs so eloquently show, Forbes is

the most cost effective business magazine for reaching America's most effective executives. If you want to make an impression on this elite, not only is it good business for you to put your advertising in Forbes, it's bound to be good for your business.

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THE ARTS

Architecture/Colin Amery

Closely observed rooms

It was Sir Henry Wotton writing in his Elements of Architecture in 1624 who described a man's house as "the theatre of his hospitality, the seat of his self-fruition and the comfortablest part of his own life." He went on to say that with these attributes a house deserved to be "decently and delightfully adorned."

CHRISTOPHER W

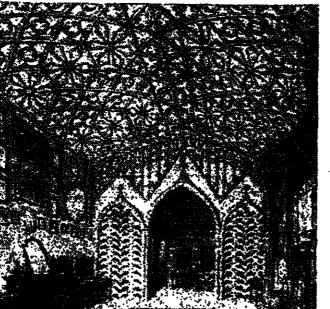
nanding iculum

Not for nothing does Mr Peter Thornton make these words the motto for his new book, Authentic Decor — the Domestic Interior 1620-1920 (Published by Weidenfeld and Nicholson price £50) because this magnificent volue is bril-

liant compilation of views of the insides of peoples' houses over the last three centuries. Let it be said immediately that this book has a terrible effect on your life. It delays appointments, allows meals to burn or turn to cold grease because it is so hard to put

Mr Thornton has produced a volume of just over 400 pages to illustrate the history of interior decoration using only picthe rooms were new. All the important views are reproduced

in colour accompanied by learned but approachable captime is the enormous revival of interest in interior decoration at both a serious and popular level. The recent series of lectures at the Victoria and Albert tures at the Victoria and Albert ture and woodwork at the Victoria and Albert ture and woodwork at the Victoria and Albert Museum that continues on toria and Albert Museum and thursday evenings has attracted now he is the curator of the record crowds anxious to learn shout interior design in the 20th century. The magazine The world of Interiors manages to amuse the voyeur in all of us tion of illustrations. He is surround the advent of a telegision verying change and feeblen and



Horace Walpole's purple and white bedroom at Strawberry

few can equal his knowledge of the source material. He was until recently keeper of furni-

and the advent of a television series is not far off.

Mr Thornton is the right man to be the serious mentor of this movement, and although some have disputed his account of the interior decorator is although the interior decorator is saluary for architects to consider, have the monopoly of design. The friend mand the offen looking with X-ray eyes interested in fashion, noveity at the bones that lie behind the and change. It is in the decoration of this movement, and although account of the rise and rise of business, level.

Architects, however, do not ible—

Architects, however, do not ible—

This offen looking with X-ray eyes interested in fashion, noveity at the bones that lie behind the decoration. He has to be aware tor's interest to promote new history invites the decoration. Architects, however, do not ible—

The friend is interested in fashion, noveity at the bones that lie behind the decoration. He has to be aware tor's interest to promote new history invites account of the restoration of the interior decorator is saluary for architects to consider, have the monopoly of design room.

after midnight in Cheltenham

and one can hardly claim that

Coward, Cole Porter and Tom

authentic cabaret atmosphere in a room intended for less

I enjoyed the Late Night Run-

you show by South African writer and actor Jack Klaff. A plty it was done from a lectern instead of in the bar, but any

man who opens his act by giv-ing a member of the audience a hotfoot can't be all bad.

Saturday was the day of the poets. Michael Horovitz, who

exotic meetings.

There have been in the 300

years under consideration numerous opportunities for

numerous opportunities for friction between the "upholsterer" (later to be transformed into the decorator) and the architect. The implication, which is still current, has always been that the architect is someone concerned with fundamental matters of design. The decorator on the other hand is

ideas as the quality of the decorator's imagination dis-played in these pages reveals.

It is important to stress the range of this book. It is divided into six sections, each covering 50 years and deals with most of Europe and the U.S. There are many illustrations that have never been published before including expendi lished before, including several from Eastern Europe, particu-larly the fascinating views from the Jaglellonian University col-lections in Poland. I was disappointed at the small number of items from Russia — the material is there for another

It is as much social history as It is as much social history as history of taste that we are seeing through these pages and every detail explored of room arrangement, food, sanitation, ceremony, national and social customs. The drawing rooms of Scandinavia of the 1920s show the whole range of indoor activity—often all taking activity — often all taking place at once in one family room. For English readers it is the completely amateur re-cordings of the brush of Mary Ellen Best that are so absorb-

ing. Two things stand out from this glorious survey. One is that intimacy in the interior is one of the qualities that we most desire and admire. Second, pre-tension does not last—the most understated and personal rooms are the most interesting. The compilation of details that make the keys to our forefathers' home lives. Politics are kept outside and the wise decision to exclude all public interiors ensures that this is an intimate history—almost like visiting

This as a book that makes an original contribution to social history, it opens doors and invites exploration at every level. Above all it is inexhaustible—perfect company in any

Don Giovanni/Cardiff

The first new production of Welsh National Opera's 1984-85 season is Don Giovanni, which opened on Saturday in the New Theatre, Cardiff. It brought a sharply polarised response from the audience: general enthusiasm for the east and the conductor, Sir Charles Macker-ras; antagonism and some ugly booing for the East German production team, headed by Ruth Berghaus. Neither reaction seemed to me entirely

Welsh National should first be applauded for providing an opportunity at last to see opportunity at last to see something of Miss Berghaus's work in Britain. Of all our native opera companies it is the one that in recent years has consistently had the enterprise and lack of insularity to engage some of the more important and region of the more important and the more important and region of the more important and radical directors from Europe, and there is no doubting in this case Miss Berghaus's pedigree —former director of the Berliner Ensemble (in immediate succession to Brecht) and widow of the composer Paul Dessau, she was at the centre of one of the most influential movements in theatre since

Gioranni expecting a production conceived entirely in doctrinal socialist terms, or even a presentation owing allegiance to the concepts of the epic theatre, is likely to be disappointed. I defy even the most rabid auti-Marxist to condemn this staging on purely political grounds; while it contains much that is areane and baffling, its overt political content seems minimal: Leporello comes in for some rough treatment at the hands of his master and his

master's social equals but otherwise it is the world of symbols the opera explores that is far more mysterious.

Some of these are straightforward: in the first act the cracked earth of Marie-Luise Strandt's set sprouts a forest of swords, and one does not need to be a disciple of Freud to recognise the sexual significance of those, nor of the constant business of dressing and undressing and of exchanging

shoes.
But the obsession with the colour red — Giovanni at one point puts on a red sock (just one) and forces Zerlina to wear

a single high-heeled red shoe

Andrew Clements like Ottavio, and the snowstorm which accompanies his final

aria. Elsewhere the added glosses are more whimsical: the chorus dressed with fairy lights for the punishing of Leporello in the second in a way that too obviously recalls the martyrdom of St Sebastian. Both add

to upset our preconceptions—
the moments of conventional
comedy are underplayed while
some of the more serious
passages are undermined by
extraneous business. Yet the production does not stray so far in reworking characterisation and it is the unconscious things the principals do, their dreamthe principals do, their dream-like actions, that lend an air of mysterious ritual to the pro-ceedings

Anyone who goes to this for much of the first act - is though to break all records in more perplexing, as is the getting through the opera, and metallic suit for the automoton-while tempi throughout rethe lady's arias towards the end of the opera when both production and performance seemed to lose some of its focus. Other-wise the orchestral playing was robust, though a forte piano to accompany the recitatives was a failure, ugly and indecisive of

of St Sebastian. Both add interest to the proceedings but do not appear to offer particular insights.

In its reworking of the comic elements in the opera this production appears to set out to upset our preconceptions—the moments of conventional comedy are underplayed while some of the more serious

The conventional conventional

The trio of ladies was more problematical. Anne Evans began well as Anna, only to lose some security in the second act. Elaine Woods (Elvira) gained

with so much happening on stage the musical aspects were less obvious. Mackerras began as

A Midsummer Night's Dream/Leicester Havmarket

Michael Coveney

Critics and others occasionally spout pious remarks about integrating fringe groups and black actors into Shakespeare, or designing a set that does not resemble something by John Gunter or Bob Crowley. Well, Gunter or Bob Crowley. Well, here we are. This is a thoroughly delightful Dream, with costumes and cast as fresh as paint, a design resembling a Richard Hamilton pop art exploding firework display, and the inventively hilarious People Show incorporated with minimal strain as both band and mechanicals. Nancy Meckler's production is bubbling, inspired different.

ferent. You recall that Oberon and Titania are squabbling over an Indian boy, Titania's fairy band, local youngesters in white tunics

ton's Oberon is a slick operator. beautifully spoken, and a fine contrast to his more subservient, anziously newly-wed Theseus. (The Thesus/Oberon, Hippolyta/Titania doubling is the norm these days.)

The show starts with Mark

The show starts with Mark Long announcing he would like to introduce the band. At which, they all stand up and shake hands with each other. Mr Long is also Peter Quince, and he continues his wonderful People Show double act with Emil Wolk in the guise of a hustling spiv, Wolk the ambitious Bottom landed with a script the size of Don Giovanni's list of lovers in the Losey film.

list of lovers in the Losey film. Saxophonist George Khan is a fruitily articulated Song the Lion, studiously contemplating
his part—a single sheet inscribed with "ROAR", Andrew
Dickson the musical director and trousers, so many little his part—a single sheat inPandit Nehrus, whose leader. Scribed with "ROAR", Andrew slinky glade of protruding and the exotic and dignified Souad Dickson the musical director and Snout, Chahine Yavroyan a evil imprecations of Oberon's sexual revenge seem genuinely unreasonable. Don Warring- is that the chaotic limbo be-

tween the real life of musical accompaniment and the pretend one of actors to Theseus's court is a natural habitat for the People Show. There are some brilliantly funny improvisations. In the rehearsal scenes:
"Thisne, Thisne," Which
knee?", "This knee", "Here are your parts . . and con them" (sweeping gesture to the audience) "by tomorrow night.

Theseus's palace is a primarycoloured wine bar, the lovers and royals dressed in the slinky second-hand black and white post-Punk everyone seems to wear nowadays. John Byrne's really outstanding design serves equally well for the forest, which the clever lighting by Chris Ellis and Richard Moffatt reveals to be a

Chess/Barbican Hall

scenario.

crats.

Galt McDermot class to which, I feel, they aspire, and they often impede rather than embellish the action—notably in the lovers' farcical tiff scene. But the reconciliation of the warring fairles is superb, the dance to rock the ground developing into a neon-lit steel band riot of ethereal body popping, and the awakening lovers conveying wonder in a melodic round, "It seems to me that yet we dream.

The fine Scottish actor Alex Norton plays Puck as a trendy pilot in goggles and black bomber jacket—a Portobello Road Biggles with a broomstick. And the spirit of a comedy in which astonishing things happen to everyone is unforgettably embodied in Mr Wolk's Bottom, a lithe and acrobatic farceur whose transears is a remarkable study of goofy, hee-haw wonder subsiding into unimagined erotic satisfaction.

Cheltenham Festival

Alan Forrest

The Cheltenham Literature Another highspot of the last Festival always seems to present some of life's little ironies. Geoffrey Oldham's one-man A couple of years ago when show, Batter My Heart. Oldham Enoch Powell delivered a fairly innocuous lecture on George ranges over the sonnets and services, the Town Hall services and biographical bits approaches were littered with The Finale—Death Be Not race relations protesters. This Proud—delivered with Oldham year we had Paul Foot on holding a lighted candle and Orwell and 1984 with intense sauding it on the last line young men selling Socialist didn't leave a dry eye in the Worker or iangling collecting house, but I thought it would boxes under the noses of be better as a late-night show. respectable Cheltonians and Lunchtime didn't seem the right time for such impor

—Paul Foot does." The following evening when Paul's uncle, Michael Foot, turned up to deliver the Cheltenham Lecture on Disroeli and the Two Nations mobody thronged the Town Hall approaches. The former Leader of Her Majesty's Opposition arrived unsung and unbothered. Even security at the Town Hall seemed slacker than it was for

his revolutionary nephew. But old politicians don't just fade away, which Michael Foot proved with his lecture, to a packed hall. I rate it as one of the highspots of the festival. Foot turned a discussion of Disraeli's novels, Coningsby, Toncred, Sybil, etc into a rather crafty political speech attacking the Tory Party for not celebrating Disraeli's centenary and leaving it to the left (himself)

to do so.

Michael Foot has become quite a friend of Cheltenham in recent years. He says his piece turns up most vears with his and stocks up with Byron lore charm and his kazoo, organised at Alan Hancox's bookshop just another Poetry Olympics, off the Promenade (Hancox, shorter than usual, more a incidentally is returning as sprint than a stayer's race, and director of next year's festival Pat Condell made it work beauin place of the present director, tifully with his rather profane so ably drawn, each new reac-luxury. This is a production dordon Banks).

The Voysey Inheritance/Bristol

B. A. Young

the failure of a solicitor's prac-tice? Its opening scene, show-ing two lawyers talking busi-ness in their office, is positively melodramatic. For the inherit-ance that Mr Voysey leaves to his son Edward, and which he in turn was left by his father,

The Voysey family—father, mother and six children with their dependants, live hand. somely on a simple swindle handed down from generation to generation. Clients' funds As usual we were quite well served for late-night shows. are illegally re-invested by Mr Voysey to bring in greater dividends, while the clients are paid no more than their funds the Town Hall bar is an ideal night club. But Angela Holmes, paid no more than their runds would otherwise have brought them. On this principle, Mr Voysey has become wealthy; he is universally admired and beloved for his generosity. Then the moment comes when his son a splendid Brechtean singer, returned for a session called Salles des Benglantes, which ranged through Brecht/Weill. becomes a pariner and must be let into the secret, and worse, Lehrer and it says a lot for Ms Holmes that she achieved an when Mr Voysey dies, leaving Edward with the appalling choice of continuing the swindle or surrendering to the

> Apart from two sub-plots that parts. enable Barker to enrich his Bari already fascinating dialogue with extra matter—the descent of Edward's brother Hugh (Christian Rodska) into anarchy and the long-delayed engagement of Edward to his cousin (Holly Wilson) — the play simply follows the effect of this swindle's disclosure on an artistically assorted bunch of relations and dependents.

Because the characters are

Who but Harley Granville and at the end we only know Barker could make such a that the decision of a rich wonderfully exciting plot out of client. George Booth, to withclient. George Booth, to withdraw his funds is likely to lead to a smash, without seeing it happen. Edward, who has been overworking for years to try to set affairs in order, but without giving himself the advantages his father took, sees the imminent disaster as a welcome rescue from his tedious

> The production is faultlessly played. Peter Copley is old Mr Voysey, friendly, popular and unashamed; Graham Pounney plays Edward, conscience-stricken, determined to stay on his chosen path of restitution, but preserving his family's There are admirable cameos by Bill Wallis as old George Booth, Andrew Hilton as his military godson Booth Voysey, Susan Colverd as the elder sister Honor, Mark Buffery as the head clerk, who is in on the fame and determined to hold on to his gains. Indeed, the whole company takes the best advantage of the beautifully written

Barker rewrote the play after its original production in 1905, and director Anthony Cornish has retained the added reference to Matisse and Picasso without moving the Edwardian costumes and manners forward: apart from that, the direction is ideal. The two good truck-born sets by John Elvery show the office of Voysey and Co and the Voyseys' splendid dining-room with an illusion of Edwardian

he took advantage of the starry forces assembled to record Mozart operas for EMI (despite the presence of his wife Elisa-beth Schwarzkopf "ma femme et cinq poupées" it certainly unt a concert per wasn't) to mo formance of the resultant per-

fectly rehearsed ensemble as foretaste and advertisement. The amiable trio of Tim Rice Benny Andersson and Björn Ulvaeus-the latter two from the record-breaking group Abba —are doing the same on an international scale for the forth-coming album of Chess. "When it comes to merchandising we could kill," they sang in close harmony in an unaccompanied prologue of Saturday's perform-

> disembodied voices reminded us of the tapes and T-shirts available at "marketing points" around the airport departure-lounge of the Barbi-can. It was just like Mr Living-stone's Festival Hall. What standards to apply to

this string of "selections"? The presence of the LSO and the Ambrosian Singers would sug-gest serious music. Dennis Ambrosian Singers would sugfor the American player's gest serious music. Dennis Hungarian-born second (boast-Quilley's robust baritone and ing the resounding Magyar sense of performance (well, he name of Florence), and the

Walter Legge has much to waved his arms about) recalled attempts to disrupt their know that Miss Paige emits her answer for. In the early 1960s his contributions to Candide relationship by the American, familiar ear-splitting wail at the Swee Todd composers who gave some sign of having heard of Stravinsky. The Swedish composers have heard of Gilbert and Sullivan, Rodrigo and Andrew Lloyd-Webber (in random order of webber (in random order or immortality). They have heard of Gluck: the Dance of the Blessed Spirits obviously prompted a flute/strings theme

that conjures up the better sort of TV commercial, both soulful and sophisticated, for liqueurs, chocolates or the very softest toilet paper. Mr Rice has at last found collaborators who can write more than two tunes, though the impression is as bland and wholesome - and forgettable as a smorgasbrod.

—as a smorgasbrod.

Despite the amplification, irritatingly unnecessary for chorus and orchestra but needed for the soloist and rock musicians, not many words came over. (The Swedish artists enunciated English more clearly than their British colleagues.) Mr Rice's libretto deals ungrippingly with a Russian chess champion who defects, his love

part machiavel part spoilt brat. Both the political echoes and references to chess strike one as superficial, synthetic and churned out to a formula in the doggedly rhyming etimes platitudinous Rice

It could certainly be staged
—these days anything can be
staged: the Song of Songs, the
AA Handbook, anything—and the passage where the small and noisy figure of Elaine Paige provide light relief more genuine than pastiche operetta Tyroleans or pattering burea-

For the record, the biggest ovation went to Murray Head's American rasping out a rock number. The most committed performance came from Tommy Körnberg's Russian champion. Impassioned, intelligent and sincere, like Mr Quilley he profited from the music's success in sardonic and melancholy Eastern European vein. He

usual cost of vocal colour.

The album will resound through many a suburban front room, shaking the Tretchikoff from the picture rail. As popular music goes, it dawdles in the middle of the road; where tell bedreuns of fliw ti szeltduch

by the next passing bandwagon.

Latchmere loses

its Gate The Gate at the Latchmere, one of London's newer theatresabove-a-pub, is to cease opera-

tions in December. The 90-seat theatre is regarded as too small for development. Lou Stein, the artistic director who expanded to the Latchmere after his success with the Gate Notting Hill, is giving up a leading role at both venues but will remain on the board of the

Gate Theatre. also looks at his partner when singing duets, thus displaying a psychological profundity that fear and Louthing in Las leudes some of his colleagues. Vegas; Gulliver's Travels and Down and out in Paris and London.

Arts Guide

ITALY -

Bume: Testro Olimpico, Plazza Geotile da Fabriano. Kandinaky Evening: an entertainment by Wessily
Kandinsky – first performed in 1928
and based on Mussongsky's Pictures
at an Exhibition. This is the production given at the Berlin Festival last
year. (Wed and Thur). (39.33.04).
Busse: Auditorium of Via della Conciliazione (Aocademia di S. Cecilia).
The violentst Salvatore Accardo,
playing Brahm's concerto in D. major. Also Schumann (Mon Spm and
Tue 7.30), (85.41.044).

Milau: Testro alla Scale (antimm toncert season). Schubert and Mandele-

sohn with the sopranos Lucia Popp and Josella Ligi and the tenor, Peter

LONDON

Segovia: Barbican Hall (Mon).

(638,8891). nglish Chamber Orchestra conducted

by Sir Alexander Cibson with Julian Lloyd Webber, cello. Tobalkovsky, Rodrigo, Saint-Saens and others. Barticen Hall (Tue).

Seiffert (Wed). (80.91.25).

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 26-Nov 1

Stephan's Cathedral, Stephansplatz. **NETHERLANDS**

instandam, Concertgebouw, I Musici (Mon), Sach and Handel, Mendels-sohn's Elijah (Tue) by the Excelsior Oratorio Society and the Amster-dem Philharmonic under Meindert Boekel. The Amadeus Quartat in neciai hall (Wed). (718345).
totterdam, de Doelen. Rotterdam.
Philharmonie under Eduardo Mata,
with Yeffun Bronfman, piano. Gluck,
Rachmaninov and Tchaikovsky

(Thur). (142911). The Hague, Congresgebouw. Nether-lands Chamber Orchestra conduct-ed by Antoni Ros-Marba, with Herre-Jan Stegena, cello. Roussel, De Kruyf, Leken and Haydn (Mon).

TOKYO

The King's Singers in a concert of Enropean songs including madrigals, popular songs of 1920s and 1930s popular songs of 1921s and 1930s and romantic music from Norway. Showa Women's College, Hitomi Memorial Hall (Mon) (4038011). Peter Schreier, tenor; Walter Orbertz, piano. Schubert's Winterreise. Sho-wa Women's College, Mitomi Memo-rial Hall (Thur). (542 1410).

Frankfurt, Alte Oper: A piano recital with Dimitris Sgouros. Scarlatti, Chopin, Lizzt, Brahms and Balaki-rev (Wed). Annich, Herkulessaal der Residenz The Alban Berg Quartet, Mozart, Bartok and Beethoven (Mon).

Rita and Pepito/St John's

Ronald Crickton

offshoot of Opera Players who take small-scale productions to young audiences and to places scarce or non-existent. They have lost their Arts Council grant. Wednesday's double bill at St John's, sponsored by the Colegrave group, could be construed as an act of defiance.
Douglas Craig, one of LCO's
directors, appealed for funds
and did so with cogency that
he must be forgiven for making the interval almost as long as either of the two short pieces

it separated.

In Pierry of things to come.

Donizett's Rita and Offenbach's Pepito are one-act French

The singers' words.

The singers' words.

The singers' words.

The singers' words.

Small companies of this type

Charles Farncombe brought a them?

Donizetti's own amusement in 1841, the year before Don Pasquale, but not performed until after his death. Peptio is very early Offenbach from the time of his employment as musical director at the Comedie-Francaise: his independent career had not begun. Rita is the more carefully composed, halanced and coutrasted. Peptio shows Offenbach's prodigious vitality Offenbach's prodigious vitality and, already melodic and harmonic grace. There are hints in

London Chamber Opera is an offshoot of Opera Players who take small-scale productions to by Eric Shilling. Rita is a mature work written for productions of the performances are scarce or non-existent. They is a production of the performance are comic operas written for Paris, (Rebecca Moseley-Morgan and lighter touch to the orchestra feducated Bohan) a few uncommon to the without a pit he could fortable moments in otherwise by Eric Shilling. Rita is a greeable, conventional performances. Mr Shilling's example of the spoken melodramas) agreeable, conventional performances. Mr Shilling's example of the spoken melodramas and in this work the young by Eric Shilling. Rita is a mature work written for formances. Mr Shilling's example of the spoken melodramas and in this work the young perfect led him easily lovers, Alison Truefitt and through the baritone role of a Graham Godfrey, sang with through the baritone role of a bluff sailor who returns to confirm rumours of his wife's death, finds her very much alive and soon extricates himself, leaving her to his henpecked successor. Peter Gellhorn conducted the LCO's good orchestra, making the fine quality of Donizetti's orchestral writing unmistakably clear, sometimes at the expense of the singers' words.

Graham Godfrey, sang with minhibited freedom as the Barber Vertigo, openly modelled on Rossini's Figaro, Donald Francke enjoyed himself in a factorem." Since the two works are close in time, style and subject matter — innkeeper heroines, Spanish setting—they don't make an ideal coupling. Nevertheless both are worth having in our repertory. Yet if

Gavrilov/Barbican Hall

Dominic Gill

The young Soviet planist, nothing to do with insight or selves for the experience of minor andante Etude (which I Andrei Gavrilov, opened his all-chopin recital on Wednesday to do with shallow pretentious-with a performance of the G ress and vulgar effect-making. with a performance of the G ness and vulgar effect-making, manic speed through a gigantic of plasticine rubato, minor Ballade full to bursting. From past recitals, and from pink blancmange.

Visually, the with the worst sort of rubato some records, I know Gavrilov mannerisms: he was seemingly unable to play four bars consecutively without at least one massive ritardando, a couple of coy moues, and a meaningless

would switch personae very soon He never did. Most of the

onk blancmange.

Visually, the keyboard
In a group of six Etudes from manner owed much to the TV to be a planist capable of quite op. 10 Gavrilov was unstopment wrestler's repertoire of fake another level of achievement pable (except to take an eager and hoped fervently that he bow after each and every item). The four fast Etudes were all had died away, with a shiver speed and bluster; the lovely E and a shake he was up on his

e America

he map

PARIS

Music

Heana Catrabas, sourano, Udo Reins-mann, baritone, Rolf Gothoni, piano: Wolf — Italianisches Liederbuch main, bartone, Roft Gottomi, plano: Wolf – Italianiaches Liederbuch (Mon), TMP-Châtelet (223.44.44). hamber Music – Maurice Bourgue wind instruments ensemble: Caplet, Mendelssohn, Enesco, R. Strauss (Mon), Radio France, Grand andi-

 $\{e_1,\dots,e_n\} = \{e_1,\dots,e_n\}$

Prançoise Buffet, piano: Rachmani-nov, Liszt, Schumann (Mon). Salle Gavean (553.20.30). Chamber Music of the Ralian Renaissance - Bress ensembles of the Or-chestre National de Frence and of the Nouvel Orchestre Philharmo-nique Giovanni Gehrieli (Tue). Ra-

dio France, Grand Auditorium (524.15.18). Insiques à l'Atrium, Nielsen Quintet and wind quintet Reicha, Nielsen, Ravel, Villa-Lobos, Ligeti (Tue 8.89pm). Théâtre des Champs Elysées (723,47.77). Théâtre de la Ville from Oct 27 to Nov 1 at 8.30pm and 8.30pm: Bernard Lu-bat company, Gerard Marais's Big Band, Enrico Rava's New Octette, Helen Merrill and the Gordon Beck trio, Eddie Louis's septet, Chicago Riues Legend, Michele Rosswom-an's New York-USA spectacle

Rhythm and Sines Ejectide System, Tony Williams New Quartet (Tue). Trio Escoude, Catherine and Didier Lockwood, Birelli Lagrene (Wed), Sonny Rollins Quintet 1984 (Thur). (233.44.44).

NEW YORK

New York Philharmonic (Avery Fisher): Myung-Whun Chung conduct-ing, Rarle Brown, Tchaikovsky, Pro-kofley (Tue); Andrew Davis conducting. Glenn Dicterow, violin, Oliver Knussen, Prologiev, Beethoven (Thur), Lincoln Center (7999595). hracele Hall: Northern Sintonia of England, Barry Tuckwell comfuct-ing and French horn, Haydn, Stra-vinsky, Mozart, Elgar (Mon); Stockholm Philharmoic. Yuri Ahronovitch conducting, Frans Helmerson, cello. Lidholm, Shostakovich, Dvóřak (Wed): Melos Quartett Stattgart. Atar Arad, viola. Mozart, Brackner (Thur). (2477459). Merkin Hall: Parnassus. Anthony Korf conducting. Judith Bettina,

nersin Hall: Parnassus. Anthony Korl conducting. Judith Bettina, soprano. Ravel, Stravinsky, Babbitt, Rakowsky (Mon); Inoe Chamber En-semble. Handel, Brahms, Koto (Tue). Abraham Goodman House. 67th Street. (3828719). WASHINGTON

intional Symphony (Concert Hail): Leonard Slatkin conducting, Haydn, Tower, Dvórak (Tue); Charles Dutoit conducting. Schumann, Mahler (Thur), Kennedy Center (2543778).

CHICAGO Chicago Symphony (Orchestra Hall): Claudio Abbado conducting, Mus-sorgsky: Boris Godunov with Chica-go Symphony Charus and internago Symphony Chorus and mustast tional cast of singers (Thur).

VIENNA

(4358122).

Aladar Pege Quartet from Budapest with Martha Szaboky, piano, Aladar Pege, double bass. Vivaldi, Handel, Kodaly, Bartok and Jazz. Konzert-Pege, double bass. vivain, hannsi, Kodaly, Bartok and Jazz. Konzert-haus, Mozart Saal (Mon). (721211). Rudolf Buchbinder, piano. Haydn, Schubert and Beethoven. Konzerthaus, Mozart Saal (Tue). Astor Piazzolla, Argentinian Tango. Konzerthaus, Grosser Saal (Tue). Peter Pianyavsky. Organ. Franck, Bohm, Bach and Pianyavsky. St.

WEST GERMANY

(because often wrongly placed)

They were the sort of intolerable mannerisms which have

soli he lever this most of the spect and bluster, the lover the like a casual, feet, grinning and triumphant, piece of parlour key-dusting, I didn't stay to hear him challenge, and doubtless vanquish, able mannerisms which have

various similies suggest them
vulgarised even the great E flat

the B flat minor sonata.

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Monday October 29 1984

Europe moves on defence

THE DECISION by the seven governments of the Western European Union in Rome at the to the somnolent 30-year-old organisation is a welcome step

countries in an insti- Nato. tutionalised framework undoubtedly gives European defence co-operation a new politutionalised framework unIn an effort to reassure the
doubtedly gives European detutionalised framework unline and to reassure the
doubtedly gives European detutionalised framework unline and tutionalised framework untutionalised framework unline an effort to reassure the
doubtedly gives European detutionalised framework undoubtedly gives European detutionalised framew

tical dimension.
Important as they are, existing bodies within the Atlantic alliance such as the Eurogroup and Independent European Programme Group, dealing with collaborative arms production, procurement and standardisation programmes, lack the political stature to persuade the world that Western Europe is seriously working towards a

common defence policy.
Something more ambitious was called for, mainly because the U.S., rightly or wrongly, was showing increasing irritation at its European allies' reluctance to assume a greater share of

The notorious Nunn amendment of June this year—which called for a phased reduction by the U.S. of 30,000 troops a year over three years of the European allies did not meet their 1977 commitment of increasing their defence budgets annually by three per cent-was defeated in the U.S. Senate by one nine votes. But another mendment to freeze U.S. troop levels in Europe until America's allies had taken "significant measurues" to improve their conventional defence capacity was overwhelmingly approved by the Senate.

Reservations

These moves were a shot across Europe's bows and it is the WEU ministers have come up with their scheme to revitalise the organisation. Britain's initial reservations about the project have been

fence was finally perceived in London to outweigh the disadvantages of multiplying the institutions in which defence

questions are discussed.

To a large extent, these reservations echo a certain ambivalance in the U.S. posiorganisation is a welcome step on the road to greater European defence co-operation.

The agreement to hold twice-yearly joint meetings of stantly urging the Europeans to make a greater defence effort, and more frequent discussions to turn into a rival grouping to between ambassadors from the

> out of its way to stress that the Nato alliance remains the foundation of European foundation of European security. Indeed, the agenda for future ministerial meetings infuture ministerial meetings in-cludes an item on the European contribution to strengthening the alliance "bearing in mind the importance of transatiantic relationa." Thus the clear inten-tion is to make WEU into the European pillar of the Atlantic alliance. It would be an illu-tion to believe however that sion to believe, however, that such a development will not also lead, from time to time, to sharp conflicts between the U.S. and

One of the unstated reasons of the Europeans' decision to re-activate the WEU was their dissatisfaction with the tough anti-Soviet trend of U.S. foreign and defence policy over the past few years. Such views will tend to be given greater publicity when they are expressed at joint meetings of foreign and defence ministers. It is a price the U.S. will have to pay for a common European voice, which it has

always supported. The WEU has been chosen as a suitable forum for defence co-operation because it allows France, which is not a member of Nato's integrated military structure, to participate in multilateral defence co-operation without modifying its

basic defence policy. For Britain, however, the main benefit to be reaped is that it will now be able to join what has so far been an exclusive defence dialogue between France and West Gamany.
That opportunity should not be
lost, for the whole future of
European defence co-operation overcome mainly because the depends on an effective part-political desirability of a joint nership between these three Western European stand on de nations

The Atlantic air fares row

Transport, which says it wants to encourage cheap air travel, has just invalidated 100,000 cut-price air tickets bought in good faith from major British and anti-trust, simply enjoining both U.S. airlines. The airlines had sides to obey the other's laws. Sold the cheap North Atlantic the U.S. authorities appear not seats, as often before, without awaiting official confirmation of their validity. The cheap fares, the scope of U.S. courts. which would have reduced the cost of a London-New York return flight to £259, were marketed once UK and U.S. regulators agreed they were not "predatory." The £259 ticket, first requested by British Airways, would have been just £1 higher than the already-approved fare of Virgin Atlantic, the new small British

Two months ago, the DoT sought an assurance from the U.S. government that the British airlines offering the new fares-BA and British Caledonian—would not as a result be liable to anti-trust actions in U.S. courts. Virgin Atlantic's owner, Mr Richard Branson, had said he regarded the proposed fares as predatory. The UR Government feared he might follow the path of Laker Airways' liquidator who initiated legal proceedings in the U.S., seeking to demonstrate that the

interference in the affairs of British and U.S. airlines which were willing to face the possi-bility of fresh anti-trust actions because they, and the industry's regulators, were confident the new fares were not pre-datory. A large number of fares were to be cut, not just on routes directly competing with new entrants such as Virgin and People Express. Fares normally fall in the winter reflecting lower demand. If BA and BCal were willing to risk prosecution, it seems unreasonable of the DoT to step in like a nanny and dash passengers' hopes of cheaper fares.

Privatisation

the intervention. The Government is sensitive about BA's suit is already an impleasant competition in ever available to feel uncomfortable important, the UK Government championing lata's demand that is annoyed by the very existairlines should forever have a ence of the Laker action. In privileged status.

AIR travellers must be mystifled, Britain's Department of port pact with the U.S.—the
Transport, which says it wants Bermuda Two agreement — Bermuda Two agreement — which it thought transcended U.S. domestic law. The pact does not refer specifically to

This is a genuine disagreement which both sides must resolve. Questions about the jurisdiction of U.S. laws affect many industries and are bedevilling U.S. trading relationships. But the DoT's approach
in this instance looks misguided. The complexities of the
U.S. constitution leave it unclear whether any U.S. government department can give the UK explicit assurances of anti-trust immunity. And the DoTs attempt to exert pressure on the U.S. by denying Pan Am and TWA the lower fares they want may well backfire; already the U.S. Civil Aeronautics Board is talking about reteliatory action.
The sensible course would have been for the UK to keep cool, continue negotiating but allow the regulators to get on with

lowering fares.

The U.S. has never liked the
Bermuda Two pact and disapproves of it and other biseeking to demonstrate that the spig airliner acted in concert to cause Laker's collapse. But Mr fix fares and capacity. Having Branson made no explicit threat of legal action.

The banning of the new fares looks a bad mistake however it is viewed. It is an unacceptable interference in the affairs of Association, the cartel to which the affairs of the spig airline and other bilateral air agreements which lateral air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreements which fix fares and capacity. Having the arrangement air agreement arrangement air agreement most big airlines belong, has been unsuccessfully seeking anti-trust immunity for inter-national civil aviation for years. If the U.S. were to grant Britain specific assurances now, it would face similar demands fram all lata members.

Competition

The British Government rightly believes that competition should be encouraged in all industries. This requires strong anti-trust laws. The long arm able of the DoT to step in like a nanny and dash passengers' acceptable in civil aviation mainly because other nations exempt airlines from normal competition laws. The fact that Laker's British liquidator was the intervention. able to seek damages in U.S. courts is less unacceptable than impending privatisation and the fact that no such option wanted to eliminate any chance exists in the UK. If the British of another blot on BA's prospectus. The unresolved Laker encourage more international suit is already an unpleasant competition in civil aviation, it

Wanted: 20,000 jobs a month

UNEMPLOYMENT IN BRITAIN

By Max Wilkinson, Economics Correspondent

GOVERNMENT'S economic strategy must deliver 20,000 new jobs each month—equivalent to two companies the size of Jaguar— simply to stop unemployment This increase in jobs

needed just to absorb the youngsters on special training schemes and the extra people coming on to the labour market.

It illustrates the problem facing ministers as pressure mounts from all sides for them to "do something" to help the unemployed.

But the Prime Minister's de-termination to hold fast to the present anti-inflationary strategy means that the Government's options are severely limited.
The increasingly pessimistic

mood within the Treasury has been reflected in the sombre tone of recent utterances by Mr Nigel Lawson, the Chancellor of the Exchequer. He said in a television interview a week ago that there was "very, very little" that governments could do to influence unemployment. He went on to draw an analogy with the helplessness of government in the face of a rising crime rate and said he "wanted to be honest with the nation' about the difficulties. This pessimism is by no

means confined to the Tories. Mr Roy Hattersley, Labour's Shadow Chancellor and deputy leader, was notably cautious in an important speech recently about the speed with which the dole queues could be reduced. The Labour prescripton relies heavily on the crucial importance of restraining wages growth and on maintaining company profitability for any job-

creation programme. Even with an incomes policy and much more stringent import controls, the speed of a "Hattersley reflation" would be constrained by the need to avoid a sterling crisis and accelerating inflation.

Mr Lawson, of course, refuses

to consider import restrictions and is very pessimistic about effectiveness of incomes



Source Employment Gazette Chrit ment register. But the Treasury and other key departments are already hard at work to find remedies for unemployment which do not

1981

upset the Government's principles. Politically the Government knows it has to demonstrate a more vigorous and caring approach. The agenda for civil servants and ministers divides roughly into two parts: emergency first

aid and longer-term cures. In the immediate future ministers are considering ways to reduce the published unemployment figures by new measures (statistical or otherwise) like those announced over the past three years. These have included the expansion of youth training and special employment schemes as well as the removal of men over the age of 60 from the unemploy-

There was also a change in the method of counting the unemployed which, although justified on other grounds, also had the effect of reducing the published number.

UNEMPLOYMENT

A further big expansion of training for young people under 18 has the double appeal of reducing youth unemployment and helping to rebuild the pool of skilled labour available to industry. An extension of schemes to subsidise the employment of young people and close examination of the labour content of public-sector invest-ments projects will also be

But when all these schemes have been taken off the shelves, dusted and perhaps given new life, the problem of providing "real" jobs will remain. Special

valuable in themselves, only bility within the wages struc-postpone the day when young ture, particularly affecting sters must find permanent employment. second and important agenda, therefore, is about how to increase the rate at which the economy creates

YOUTH LINEMPLOYMENT

The starting point here is the Treasury's conviction that the main enemy of jobs is an excessively rapid rise in real wages, and that if this can be moderated unemployment will

Last year average earnings in the whole economy went up by about 2½ percentage points more than the rate of inflation, and earnings in manufacturing industry by nearly 4 percentage points more than inflation. Almost as serious as the rise in wages is the lack of flexi-

The programme for creating

OUTPUT

1980 - 100

jobs must therefore look at ways of removing rigidities in the labour markets which inevitably includes the weakening of union However, Mr Lawson made it

clear that the Government is airaid to move too rapidly in this direction because of the need to "govern by consent."

That leaves the possibility of a wage freeze, which is certainly being discussed by officials although it is extill consent. clais although it is still some way off the political agenda. Almost all economic models have suggested that employment could be boosted if a wage freeze were accompanied by some modest stimutation of the

But the Government believes

a wage freeze would build up pressures which would sooner or later produce a flood of wage demands. Past experience suggests it is right.

gests it is right.

Another major option is to reflate the economy, Mr Lawson has said loudly and boldly that if this meets increasir; the Government's bourowing targets it will never happen while he is Chancellor. But some covert reflation, as happened in 1983 in advance of the election, cannot be ruled out.

be ruled out.
While protesting his financial rectitude, the Chancellor could easily find £2bn or perhaps even £3bn for tax cuts if he wanted. This year and next for example, This year and next, for example, stepped up sales of state assets, including. British Telecom, could bring in about £2bn more than the Government's plans envisaged in March.

Mr Lawson is pinning most of his hopes on the stimulative effect of a cut in interest rates, are soon as storling seems.

as soon as sterling seems robust enough to take the He is clearly taking a more relaxed view than a year ago about a fall in sterling, which

if it were gradual enough, would help in the short run at least to stimulate exports and so help to provide jobs. Alongside the review of these main policy areas, the Government has also set in train an inter-departmental

study of deregulation centred on the Department of Industry. This will co-ordinate the programme of "micro-econo-mic measures," which Mr Lawson has said is needed to help make the economy more efficient and more entre-preneurial; Reform of trade unions comes under this heading, but so also does the whole panoply of government regulations which restrict the freedom of industry and the movement of labour.

But it is not clear what the Government will be able to achieve in this notoriously difficult area. Even if restrictions are reduced the effects on employment will be extremely

THE PUZZLE THAT LIES BEHIND THE R S NG TIDE and there are still three months of statistics to come. depth of the recession. But these new jobs have strategy. The London Business School's Centre for more than a year. This was:

A year ago the Treasury was confident that by now it would be able to relax just a little about memployment Even if the rate was not fall-ing, officials said, it would at least have stabilised. But this confidence has

proved sadly misplaced. In year memployment in Britain has continued to climb and the latest tentative indications are that the rate of increase may even be accelerat-

ing.
The Treasury never publishes its detailed unemployment forecasts, but last November the Government's autumn statement assumed that by this December there would be no more than 2.85m people out of work. In fact the number is already more than 3.1m

China's

friends . . .

In January the Treasury's founded. After four years in which unemployment had risen from 1.3m to over 3m the grim total at last began to dip with a cut of 5,200

But unemployment started climbing again early this year and on average, 17,000 more people a month have joined the unemployment register. In the past three months that average has been 20,500.

Moreover, overall unemployment figures conceal several trends which are beginning to worry many of the Government's natural By July 1.23m people of all

• 91,000 more than at the start of the year; • Three time the number at the start of the recovery; • 40 per cent of the total

point in spring 1981, the number of young people out of a job for more than a year has tripled. And, as the nas tripied. And, as the economic recovery approaches its peak the plight of young people and the unemployed generally coutinues to worsen. Between January and July this year the under-25s who had been on the dole for a year rose by a quarter—to reach 353,000. These figures have joited

even some of these who sup-

Economic Forecasting, for example, predicted in June that unemployment would begin a gradual decline from mid 1985. Now it believes the total will rise to 3.3m by

Although the Treasury has been badly wrong about unemployment, its predictions about the trend of output have been broadly accurate. The improving economy has also brought new jobs in its train. Some 185,000 more people were employed in the 12 months to the end of March, although the total of 20.88m jobs in March 1984 was still 475,000 less than in the summer of 1981 at the

been taken entirely by women, many of them parttime workers. The number of men employed in March 1984, was the same as a year

is why the rise in output has not led to a more rapid in-crease in jobs. In the first three years of the recovery, manufacturers were closing down their least efficient factories and sacking workers in response to the squeeze on demand and margins.

In this period, from the start of 1981, manufacturing productivity rose by an average of 7 per cent a year, a phenomenal figure by past

British standards. But since last autumn no further im-provement has been recorded. provement has been recorded. No one is quite sure why.

Less productivity growth might normally be associated with more jobs but the latest figures are not particularly encouraging. This is because slower productivity improve-ment has combined with rising unemployment and a

rapid rise in average earnings

rapid rise in average carnings (up 8 per cent in manufacturing industry last year).

This is the mab of the Government's dilemma: so long as real wages increase at recent rates there will be a potential threat of accelerating inflation, or an erosism of competitiveness, or both And there is even less prospect of a fall in unemployment.

 $\sim (10^{10})$

Men and Matters

Actively encouraged by the

Chinese authorities, a specialised consultancy, Birchwood International of Hungerford, was set up two years ago to help and advise on industrial development in China.

The ten partners (eight based in England and two in

based in England and two in Hong Kong) have been commuting in and out of China ever since. Economist Roger Elson, aged 44, who runs Birchwood, has himself made nine trips this year, and he expects to pack in more before the year's end.

The pay-off for their jet rearnings is a connection

wearniness is a co-operation agreement which has just been signed between Birchwood and the Guangdong International Trust and Investment Corpora-tion of China (the body responsible for much of the infrastructure and project de-velopment of southern China). It provides for joint work in the implementation of the southern China economic de-

velopment programme.
Elson was with Bowater for
13 years as chief economist, and
later as chief executive of Bowater China. He learned to understand Chinese "but I find great difficutly in speaking the language," and, in 1981, left Bowater to set up Birchwood. The scope of the new agreement is, he says "substantial." Currently Birchwood is concerned with the renovation of silk mills in southern China at a cost of about \$11m, a \$40m development of a new port in Canton, and the provision of a \$110m medical centre in the

Through Birchwood, the Chinese authorities are working with European industrial companies and financial institu-tions on what Elson calls "the trusted friend principle." Birchwood's role could be the first step towards a more formal Chinese trade and industry presence in Britain.

new economic zone near Hong

Kong.

. and relations

The Sino-British Trade Counget the wrong idea from the cil, meanwhile, has been cele-word 'red,' " he added.

brating its 30th birthday, and the Great Britain-China Centre, its 10th anniversary.

Premier Zhou Enlai, himself gave his blessing to the founda-tion of the SBTC in 1954, as Sir Peter Tennant, who had gone to see him in Geneva during the conference on Indo China, recalled at the celebra

The Council has plodded through some lean years since, but has now emerged into the more fertile fields of China's 'Open Door" policy.

In its ten years, the GBCC— launched with the profits from The Times' "Genius of China" exhibition in London in 1973has organised hundreds of ex-change visits between British and Chinese cultural groups. Members of the Chinese writers' association, typically, came last spring to soak up Shakespeare, the Brontes and Hardy (Polanski's Tess of the D'Urbervilles has been shown in China) and, in return, the writer A. S. Byatt and others are trotting off to Peking

shortly. Though pin-stripped sults predominated at the Trade Council celebrations, and cul-tural glamour at the GBCC's (even Suzy Wong was there in the shape of emigree Chinese film star Tsai Chin), the guest lists overlapped.
Something Foreign Secretary
Sir Geoffrey Howe forgot when
he told the same story illustrat-

ing the antiquity of British and Chinese culture, at both. He redeemed himself by quoting a Chinese simile com-paring businessmen to timid fish — which he hoped would turn into bold and fiery dragons. "I'm a red dragon myself." he said, referring to

his Welsh origins," but do not

Fish tale What little indulgence does a rich man like Saudi oil minister

Sheikh Yamani allow himself after a day of oil market talks in Oslo with Norwegian political leaders? Fifty kilograms of Norwegian dried cod-that's what the Opec supremo took back with him to

Geneva. Yamani apparently developed a taste for this delicacy while fishing in Norway some years ago, and the chance to buy in bulk on this trip was too good to be missed.

An order went out to a local fish shop for \$1,000-worth of the stuff. The shop did not have that much dried cod in stock but the 50 kg it did have were promptly delivered to the Government guest house, behind the Royal Palace, where Yamani was staying. It was later loaded on to his private jet — well wrapped in plastic to contain its pungent

Sterling move

Jeffrey Sterling is a busy man. Besides occupying the chair-man's seat at Sterling Guaran-tee Trust and P and O, he is an adviser to the Department of Trade and Industry and, in his spare time, sits on the board of the Royal Ballet School and the Young Vic.

Even for a man of Sterling's energy, that is a formidable work-load and, not suprisingly, he has been considering ways of making it more manageable. The most obvious solution would be to merge SGT with P and O. SGT has accumulated a 19.9 per cent holding in the shipping and construction group already and Sterling admits that he is considering a full merger. Apart from anyhe has been considering ways

thing else, he believes that putting the two companies to-gether would make manage-ment and commercial sense. The plan now looks as though t may be close to fruition. After well over a century in the City, P & O is moving to the West End. As from today, its head office will be 79 Pall Mall -conveniently close to SGT, just around the corner in Carl-

Life assurance

You've got to be ever so careful with the wording of documents sent out to small share-holders — as the Prudential has just found out. Managers were startled by

letter from a shareholder in Glasgow expressing her sorrow that the Pru was going out of business. "We are living in terrible times," she commiserated. "Thank you for everything. The Prudential is a great company." Her family had felt like millionaires when they had bought the shares, she The insurance market is tight.

but surely things aren't that bad, thought the staff in the Pru's Registry Department, which handles such matters.

The mystery was solved with a quick call to Glasgow. It had been caused by a single line in the Pru's half-year results. The shareholder had interpreted a bit too literally the report that:
"The dividend will be paid at
close of business on October
18."

Science parked

Our Science editor, David Fishlock, is flattered to have been singled out by the Italian car maker Alfa Romeo.

The company has sent him a warm invitation to test drive a new model, because, explains the writer, "I asked my colleagues to identify a select group of people likely to under group of people likely to under stand and appreciate the un-usual qualities of our remarkable new car. . . Memo to Alfa Romeo: Must

try harder. Fishlock can't drive.

Observer -



TEN YEARS ago, in a desperate attempt to prevent the collapse of the Western textiles and clothing industries, Gatt (the General Agreement

Gatt (the General Agreement on Tariffs and Trade) agreed to bend its rules and allow a short-term measure of protectionism. The intention, with the creation of the Multi-Fibres Arrangement (MFA), was to give Europe and America time to reorganise their industries against a tidal wave of cheap socks, sheets, shirts, yarns and fibres coming from countries such as Hong from countries such as Hong Kong, South Korea and Tai-

The short term inevitably turned into the medium term as job losses mounted and as Hong Kong and South Korea were foined by even cheaper producing countries such as Indonesia and Sri Lanka.

Now, even though the worst of the recession is over, the medium term threatens to turn into the long term following the loss of over 1.5m jobs in Europe in the decade of the MFA, a loss which, of course, reflects productivity improvements as well as imports.

Trade representatives from more than 50 countries are at this moment enmeshed in an agonlaing and difficult debate at Gatt's sombre headquarters on the shore of Lake Geneva on how to prevent this.

They have been given until next July to produce a report on how the MFA has worked over the last decade and what should follow it when it expires in July, 1986. Mr Arthur Dunkel, director-

general of Gatt, already has general of Gat, already has before him two vital documents. One, from the Textile Surveillance Body, the Gatt group that monitors the MFA, claims that little or no headway has been made in the objectives of achieving the reduction of barriers and the progressive liberalisation of world trade.

The other, from Gatt's eco-

The other, from Gatt's economic secretariat, all but concluded in a report entitled Textiles and Clothing in the World Economy, that the MFA had been a mistake.

Mr Dunkel is only too aware that Gatt's function is to pro-mote world trade, not regulate it, and he is being extremely cautious about when it might be possible to put a stop to the MFA. He has to reconcile differences between the sup-plier nations, which want an im-mediate end to the MFA, and Western industrial interests who want it to continue after

July 1986. Mr Dunkel accepts the main premise of the economic report that other Western industries, such as electronies, television, steel, shipbuilding, cars, have all had to face the same problem of cheaper products from the newly industrialised low-cost suppliers and have managed to do it without erecting barriers. There was or, to be more precise, ought to be - nothing

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Multi-Fibre Arrangement

Textiles: the struggle at Lake Geneva

By Anthony Moreton



Arthur Dunkel: vital docu-

special about textiles and account of developing counclothing.

M Philippe Leclercq, president of Comitextil, the Euro-and non-tariff import barriers pean organisation of textile pro-ducers, said: "It is better to petition from state-trading have order in international countries."

Comitextil pointed out that Comitextil pointed out that vinced that a continuing regime is essential and that there is no clothing sent to Pakistan has to clothing sent to Pakistan has to climb over a 192 per cent tariff. To get into Egypt it has to go over a 145 per cent hurdle. Europe may impose quotas on goods from these and other realistic alternative to MFA."
In a report, backed by AEIH,
the European clothing body,
Comitextil claimed that the MFA had actually brought

about an expansion of trade and that any return to the general rules of Gatt would be no is on average 13.5 per cent. The suppliers dispute this. They brandish Textiles and Clothing in the World Economy "The arguments in Textiles and Clothing in the World Eco-nomy remain purely theoretical because they fail to take full medite return to free trade, operating under Gatt rules, from August 1, 1986. THE SCOPE OF THE MFA

If they win the argument in Gatt they would get unfettered access to Western markets again. But they would be under no obligation to dismantle their tariff barriers since these are imposed for balance of pay-ments reasons and so are permissible under Gatt rules. Most of the low-cost countries privately concede that the complete abolition of the MFA on July 31, 1986 is simply not

One or two, such as India and Une or two, such as India and Egypt, remain in the hard-line camp, but most are prepared to soften their approach. If the West were to give an undertaking that any extension of the MFA after July 1986 would be the last such extension and that its provisions smalld he cap.

its provisions would be con-

THE Multi-Fibre Arrangement was introduced in 1974 under the aegis of Gatt to allow the textiles and clothing industries of the West four years in which to reorganise following the rapid rise of low-cost sup-plies from Hong Kong, South Korea and Taiwan.

It followed earlier arrange ments, relating solely to cotton, dating from 1961. The cetton agreement had been introduced, ironically, by the liberal trade-minded U.S. following assurances given by Senator John Kennedy in his election compalers for the election campaign for the

The MFA now covers all fibres, fabrics and clothes and

world trade in these items.

The four-year period allowed for the restructur-ing of the Western industries proved to be insufficient as the economic recession began-to bite and as even lowercost suppliers emerged. It was, therefore, extended with MFA 2 in 1978 and MFA 3 in 1982. The present extension expires in July 1986.

The MFA is a global agreement laying down the principles for expansion in trade. Within it, each country (or group in the case of the REC) negotiates bilateral quotas between each supplier and importer for every pro-

opportunities for UK firms and

Sleipner field will also be needed. This should begin pro-

duction around 1990, maintain-ing the present level of gas imports when our existing

Norwegian supplies fall away.

on interests reserves becoming available on time. Such a gamble might appeal to gas producers, but would surely be less attractive to consumers; the

their gas supplies. Without Sleipner, we could have some very disappointed customers.

The British economy is fac-

surely do not want to increase this uncertainty by taking un-necessary risks with the nation's

with the problems his old ones have created. But Keynes is long dead and, sadly, no one has

But, please, that does not

unfortunately he is not alone-

vital energy supplies. C. W. Brierley. 152, Grospenor Road, SW1.

Macroeconomics

cannot be dead

From Dr J. Cumes

We can be confident of meet-

mports

duct that is thought to create disruptive conditions in the importer's country.

Products have been divided into 123 categories — men's socks, ladies' dressing gowns, children's underwear, yarus, gloves, pullovers, etc.—but a quota will be negotiated only if the importer feels that supplies are having a disruptive effect on its industry.

If there were no MFA, all If there were no MFA, all countries would be subject to Article 19 of Gatt under which they have to treat their sup-pliers equally and any favour-able treatment offered to one country had to be given equally to all others. This is the Most Favoured Nation, or MFN, principle.

stantly and consistently observed, most would accept one more period of grace. But the question is: How long would they accept? And, a sub-sidiary question: What would they demand of the West in

return?
Hopes of finding some com mon ground have, unfortu-nately, been made much more difficult by the intransigence of the Americans this year,

Under considerable pressure from the very strong textile lobby in Washington, President Reagan has tightened the screw on imports from many Far Eastern countries by reviewing already agreed levels of imports. This has greatly soured the atmosphere in

containing policy surprises.

money supply diverge indefi-nitely or will some viable alternatives to bank finance

have to be found for the private

The Governor's speech con-

tains another more pressing technical question on which the

answer is less than perfect. This is a restatement of the

view, strongly associated with the Bank's Eddie George, that

One can easily sympathise

with his verdict that the occa-

sional wrong signal from the market (such as last sum-

mer's virtual 3 per cent rise in

to explain to my great-aunt how the Bank regulates the money

supply when its main instru-ment for so doing is interest rates and interest rates are left

market conviction,"

sector?

Geneva.

The suppliers feel badly treated, The U.S. had "abused the consultative mechanism" according to Sr Sergio Delgardo, the Mexican delegate in Geneva.
Even the EEC found itself in
the Third World camp when the
U.S. actions were condemned
by a massive 50-1 vote.
Despite Washington muddying the waters, many delegates in Geneva feel that a final extension of the MFA of between six and 10 years could be acceptable. An important aim for them is to avoid being placed in a position where the negotiations preceding the end take tions preceding the end take place in a U.S. presidential election year. An MFA that ended in 1988, 1992 or 1996 has

costs.

Mr Dunkel is aware that there dry? Can bank credit and the are wider issues. "The outcome of the reconsideration of the MFA will have implications that go far beyond the textiles and clothing field," he said.

therefore to be avoided at all

"If the developed countries do not allow their economies to adjust to increased imports of such labour-intensive products on the grounds that they originate from so-called low-cost suppliers, they directly frustrate the industrialisation efforts of the Third World and indirectly the import capacity of these

The case for freer trade has been given powerful support at the highest level. When Gatt ministers called, in 1982, for a report on the workings of the MFA — a report that is now being drawn up — the clear assumption was that trade liberalisation was a good thing in itself.

The most important lesson that the experience under the textiles arrangements has taught us is that good trade policy tends to be conducted with simple and transparent policy instruments," Mr Dunkel

It is not a sentiment every industrialist in the West would endorse. Nor would every sup-plier who has profitted from the quota systems that have pro-liferated in the Third World as a consequence of the MFA. But it is one both sides will soon The Bank of England

The Governor's first monetary foray

By Samuel Brittan



Mr Robin Leigh-Pemberton

out strongly in favour of price

A medium term strategy is necessary both because of the inadequacy of good intentions and the very understandable scepticism of financial markets about the durability of merely short-term policies.

the central bank cannot impose a view of short-term interest rates "in the face of strong "The existence of monetary targets places the onus on the authorities to explain why they are ignoring the signals given by diverging monetary growth, or why they are making course corrections by changing target indicators or target ranges. They act as a tripwire hase rates) may be a price worth paying as a protection against official wishful thinking; and that such a wrong signal will often be reversed quite soon. I still find it impossible to explain to my truestaunt how ranges. They act as a trip-wire, preventing the authorities, consciously or unconsciously, from ignoring danger signals, per-haps in the pursuit of more immediately popular and ex-pansionary policies."

But how exactly are the aim in view? Here the Governor

side factors. The paths for prices and output are not independently specified, though illustrative figures are offered; the strategic plan relates to a path for the evolution of nominal incomes." (i.e. Nomi-

The Chancellor may not think The Chancellor may not think that this version can be shouted from the housetops or put over on television. I will gladly furnish him with a popular translation so long as he does not allow his officials to object to the slight coarsening and simplification involved. I suspect that the intelligent public would rather hear a straightforward account of objectives than either the partisan slogans or the discussion of means and or the discussion of means and intermediate objectives, between which political figures tend to alternate.

The one unfortunate section Governor tilts at a straw man absence of guidelines and objective. It is true that some quantified constraints, it did not prevent them experiencing double-digit inflation.

A medium term of the constraints of the can serve as an operational objective. It is true that some advocates of fiscal fine tuning such as Professor James Meade would target Nominal CDB in denying that Nominal GDF would target Nominal GDP directly (although as one of the fathers of national income accounting he needs hardly to be reminded of the problems with the quarterly data).

But those who have espoused monetary means have never seen Nominal GDP as more than an ultimate guideline to govern the choice of monetary targets and the occasional departures from them. There have been three different specitives and three different sets of targets since the MTFS was launched in 1980. As the Governor mentioned, in the U.S., Switzerland, Germany and Canada, monetary targets have at times had to be set aside because of distortions in their

The role of Nominal GDP is to explain what is supposed to remain in position when the rates and interest rates are left in some undetermined limbo.

The most important part of had so far: "The aim of the specific explanations we have the covernor's message is, however, his endorsement and clarification of the Medium-Term Financial Strategy in a adaptability of the economy, way one did not expect from his providing room in the predecessor. He points out that central bank governors as well as sustainable rate which will also depend on such supply
alm in view? Here the Governor to explain what is supposed to remain in position when the intermediate objectives are varied or set aside. They are, of course, only guidelines to be adjusted in the light of changing circumstances, not rigid to more stable than any conceivable than any conceivable than any conceivable than as sustainable rate which will also depend on such supply- interest or exchange rates.

relation to Nominal GDP.

Defence costs and capability

From the Director, Centre for the Study of Arms Control and International Security, University of Lancaster

Sir,—You report (October 25) that a joint SDP/Liberal committee is to consider the suggestion that cruise missiles deployed on submarines would be a better choice than Trident for the next generation of the British strategic nuclear force. Whatever economic savings may result—and these will be limited since nuclear powered

submarine systems are never cheap—they will hardly compensate for the vertiginous drop in the effectiveness of a British cruise-based "minimum deter-rent" force compared to a ballistic missile-based alterna-The reason is simply that a

The reason is simply that a British cruise force will inevitably be small in relation to the size of the defences erected against cruise missiles by the Soviet Union. The Soviet anti-cruise defence network, unlike its anti-missile defence system, is not limited by treaty. It is being built to counter not a British attack but an attack from the very much larger United States' cruise forces. While American cruise missiles might be expected to penetrate the Soviet defences, partly the Soviet defences, partly through force of numbers and partly through prior use of ballistic missiles to destroy key command centres of the Soviet

command centres of the Soviet air defence network, neither consideration would apply to a British cruise force of the kind being considered by the Liberals and the SDF.

This is not to say there is no alternative to the Government's plan to replace Polaris by Trident short of giving up nuclear weapons altogether. Rather it is to illustrate the basic point that in consideration of alternatives questions of cost cannot be divorced from questions of be divorced from questions of capability. (Professor) Ian Bellany, Fyide College, Builing, Lancoster.

Fixed Channel link

From the National Secretary, Building Construction and Ctvil Engineering Group, Transport and General Workers' Union

Sir,—The news that building a Channel tunnel has been discussed by Mrs Thatcher and President Mitterrand is welcome in so far as it indicates that the Government may be at long last more amenable to the case for more infrastructure investment. It might, however, be asked whether a Channel tunnel should be first priority when so much else needs to be done.

It might be questioned whether it is desirable to focus

Letters to the Editor

so much European traffic on to a fixed link between France and the already prosperous (and over-crowded) south east of England. Should this area be favourably treated in the creation of jobs? One must also remember that ultimately jobs may be lost among the existing ferry operators, which are pre-sently both efficient and profit-

There are other, more needy areas and projects which should receive attention, to the benefit of a wider cross-section of the of a wider cross-section of the construction industry. Take roads for example: the early completion of the M40 (Oxford-Birmingham) and the A1-M1 link, together with more bypasses, must be of greater benefit to the nation. Many wiles of sewers need renewing. miles of sewers need renewing, especially in the north west. The east coast needs to have its sea defences rebuilt.

The list of worthy projects is endless and should be closely examined before the Govern-ment concentrates on one big project like the Channel tunnel. George Henderson. Transport House, Smith Square, SWI.

Energy in the future

From the Managing Director, Economic Planning, British

Sir, — Why is it that energy questions are so often con-sidered mainly from the point sidered mainly from the point of view of governments, producers and suppliers? There seems to be insufficient consideration for the customers for whom energy is such a vital part of both personal and business life. In fact, the most important aspect of energy is our dependence on its use, not the way in which it is won.

There are 16m customers who rely on gas as the largest single supplier of energy to British homes and industry. Yet, in the present debate about the source of Britain's future gas supplies, little has been said about the needs of gas users. The whole

needs of gas users. The whole issue is treated as if it concorned only the companies and Governments with interests in the North Sea. -Britain needs substantial new

supplies of gas, because the flow from gas fleids now under contract is declining. It is clear that gas users will need all the gas that is economically recoverable from fields in UK waters beds a very large number. — indeed a very large number of new UK fields must be of new UK fields must be is part of another group nur. R. Reade, developed during the next five tured by desperation who 28, Bisley Old Road, to 10 years, providing new threaten to do 25 much damage Stroud, Glos.

selves to this kind of desperaor any other kind. Let us not have another wasted decade discovering that the "Barros"

are wrong. Please instead let us continue to search for sensible macroeconomic solu-tions. For, unless we get our broad framework right, many of the world's finest societies, not least the British, could suffer irreparable damage. opportunities for UK firms and substantial employment for the offshore supply industry.

But UK gas alone will not be enough, if gas customers are to get the supplies they went, gas from the large Norwegian Stainers and will also he

as the now discredited mone-

Please let us continue to debate these issues. Let us not throw up our hands in despair because the "Barros" and other economists cannot get their thinking straight and con-sequently tell us straight think-ing it beyond us. It is not — and we must do it otherwise so much of what we have fought for this century in social and political as well as economic terms, will

ing customers' demands only if
the gas we expect from the
intensive exploitation of UK
resources is topped up with
Sleipner gas. To give up
Sleipner, in the hope that even
more gas might be quickly produced from new discoveries in
UK waters would be a gamble
on uncertain reserves becoming be lost. (Dr) J. W. C. Cumes, Veithgasse 6, 1030 Vienna Austria.

Housing Defects

Act

From Mr R. Reade, Sir,—I have been following with some interest the correspondence in respect of the Housing Defects Act.

Mr Lloyd (October 16) is per-forming an admirable public service in disclosing the prac-tical shortcomings of this piece of legislation but has, I feel, missed one further point upon which the Minister might feel inclined to comment.

Until recently costs of major repairs to system built houses would have set the price below which the property could not be sold under the "Right to have" provided the control of the land. buy" provisions. The local authority would in the event of sale recover all of the cost of

such works.

With effect however from August 26, the Secretary of State for the Environment has determined that the cost of works to deal with any defect affecting the dwelling house will no longer be taken into account in setting the "cost floor" below which the property may not be sold. In addition the Secretary of State has determined that works to remedy defects to proworks to remeny detects under the Act will also not count for "cost floor" purposes.

If, therefore, local authori-

ties become involved in repair-ing system built houses at costs in line with the Minister's sug-gestion of £14,000 they will be virtually guaranteeing subtantial losses on subsequent sales. The change in the cost floor determination is plainly not calculated to encourage local authorities to invest scarce capital resources in the repair



FINANCIALTIMES

Monday October 29 1984



BRITAIN RECONSIDERS SCHEME TO DISTRIBUTE FOOD TO FAMINE AREAS

Ethiopia attacks UK airlift offer return

BY PATTI WALDMEIR IN LONDON

THE BRITISH Government was last night reconsidering its offer of two RAF Hercules transport aircraft to distribute food to famine-hit areas of Ethiopia after an Ethopian official suggested the airlift was a

Mr Dawit Wolde Giorgis, head of Ethiopia's Relief and Rehabilitation Commission, said on radio yestersupplies within the country for one month was "undestrable." Funds committed to the airlift

could be better spent on other forms of assistance, he said, adding: "It serves the interest of politics here, the publicity aspect. We do not want this situation to be exploited by politicians."

The offer of the aircraft is part of an international aid effort for Ethiopia aimed at alleviating the plight of 6m-7m Ethiopians threatened by famine as a result of a 10-year

Zündapp '

assets

bought

By Jonathan Carr

fallen on hard times.

by China

present for negotiations late last

week in Munich put in a last minute

assembly at Tientsin. Earlier this month Iranian inter-

acquiring Zündapp, but delays in

transferring the agreed purchase price gave the Chinese their

Johnson

Aid efforts have been stepped up Dawit has said the commission is they did not wish to minimise the significantly following the screening on television in Britain, Europe and the U.S. of films highlighting tional community for responding

The European Community has sent 147,000 tonnes of cereals to Ethiopia and spent Ecu 38.3m (552.3m) on its distribution so far

to the country, has committed \$43m since October 1, according to U.S. Agency for International Developadministrator Mr Peter Mr McPherson said Ethiopia's

principal ally, the Soviet Union, had so far provided only about £3m in rice shipments. Rice is not part of Ethiopians' staple diet. Herr Willy Brandt, former West

German Chancellor, has said he mission to supervise deliveries in

Mr Dawit criticised the interna-

only to "sensational incidents." Re-lief agency officials have also complained that pleas for aid issued as long as two years ago went virtually unheeded until television footage of babies' corpses wrapped in shrouds of rags jolted governments into ac-

on. Officials of the British charity War on Want, the primary relief agency operating in rebel-held areas of the worst-affected provinces, Tigre and Eritrea, said yesterday a far greater problem than the issue of an airlift was the near impossibility of delivering the aid ss safe conduct could be guar-

anteed in these areas. Representatives of private relief would head an international com- agencies operating in the country echoed Mr Dawit's criticisms of the the worst-affected areas, but Mr British aircraft plan, saying while

positive impact, the estimated £2,000 (\$2,440) per hour aircraft op erating cost would buy more help for more people if it were used to redress a critical shortage of trucks, tyres and spare parts.

Use of the aircraft for only a month would make an "insignifi-cant" contribution to the relief effort, Mr Dawit said. The Ethiopian Government clearly feels it must capitalise on the wave of public sympathy generated by television films to ensure a commitment for longer than one month.

Mr Timothy Raison, Britain's Minister of Overseas Development, sought to play down the apparent disagreement with Addis Ababa, stressing in a separate radio inter-

view that Britain was willing to con sider alternative arrangements

Israel plans withdrawal of all troops from southern Lebanon

terday to strive for a complete with-drawal of its forces from southern Sir Geoffrey spok-Lebanon, rather than the partial one previously planned. Israel is relying on the U.S. to

CHINESE industrialists from the mediate on the security guarantees which must precede its withdrawal, Dr Yossi Beilin, the Cabinet Secrecity of Tientsin have beaten the competition from Peking in a retary, said after the Cabinet meet-ing. "We will welcome any effort by the British or others to help resolve the problem of Lebanon," he said. markable race to acquire a small West German company which has An Iranian team came a distant third in the bidding for Zündapp, a

The announcement came as Sir Munich motorcycle manufacturer Geoffrey Howe, the British Foreign Secretary, flew to Israel for talks which had to file for bankruptcy in with Mr Shimon Peres, the Prime The Tientsin interests are to pay DM 16m (\$5.3m) – in three instalments to next April – for Zündapp. Minister, after a morning of discussions with President Amin Gemay-A Peking representative also

The Foreign Secretary told a news conference in Lebanon that Britain had consistently urged the withdrawal of all foreign forces and bid, but his rivals managed to seal the deal. Chinese will begin disthat he would be exploring the Ismantling Zündapp's plant and machinery in December so that they raelis' stated intention to withdraw can be transported to China for re- during his talks in Israel.

argued in favour of an extension of a United Nations force in Lebanon, ests looked to be on the point of any request for Britain to take part would be considered.

However, he pointed out, this could take the form of additional lo-

BY DAVID LENNON IN JERUSALEM

Sir Geoffrey spoke with President Gemayel and Mr Rashid Kara-meh, the Prime Minister, for nearly four hours. Their discussions concentrated on the question of southern Lebanon and the new economic steps taken by the Lebanese Gov-

The Foreign Secretary's aides said he did not intend to mediate and that the visit to Lebanon prior to travelling to Israel was coinci-

Mr Richard Murphy, the U.S. Assistant Secretary of State, is due back in the region this week for another round of visits to Jerusalem, Damascus and Beirut to explore the possibilities for reaching agree-The Israeli Cabinet yesterday decided to give the U.S. unlimited

time to try to obtain a Syrian undertaking that in the event of an Israeli withdrawal its forces would not At the same time efforts will be

made, with UN praticipation, to reach an agreement with the Lebanese Army on future security arrangements for southern Lebanon. Officials in Jerusalem said this did

THE ISRAELI Cabinet decided yes- gistical support and need not neces- not have to take the form of a written agreement

Israel wants Lebanese agree ment to a redeployment of UN forces to the area between the Awali and Zaharani rivers. Officials were anxious to hear what Sir Geoffrey had learned about the Lebanese Government's attitude on this issue.

Meanwhile, one Arab was killed and others injured when a rocket was fired at an Arab-owned bus in Jerusalem yesterday. Three Israeli Jews were arrested by the police immediately after the attack.

A note left at the scene of the murder claimed the attack was in retaliation for the killing of two Israelis last week by a Palestinian from the Deheisha refugee camp. ● The Israeli Government's attempts to win trade union agreement on a wage freeze as part of its economic recovery programme have been blocked by the rejection of the government plan by the His-tadrut, the federation of trades

yesterday decided to put forward its credit rating on its senior debt to own proposal for a package deal double B plus from triple B minus. which would invlove freezing not only wages but also prices, profits has been brought down to triple B

Hard times for U.S. steel producers

By Terry Dodsworth in New York

STEELMAKERS experiencing severe setbacks after their brief return to profit earlier Although some companies still

have to report their third-quarter figures, the results announced show a sharp deterioration from the gains made in the first half of this rear.
While the U.S. economic recovery

helped manufacturers during th first six months, import penetration and price discounting have since cut into both volume and margins. The industry's problems were highlighted when LTV, which acquired Republic Steel in the summer, announced that it would omit its dividend in the final quarter of

The company's decision coincides with poor third-quarter figures, which showed a loss of \$79.8m against a deficit of \$49.7m in the same period last year. Sales rose to

\$2bn from \$1.2bn. In the first nine months of the year, LTV ran up losses of \$131.5m. compared with \$188.2m a year earlier, while sales rose to \$5bn from \$3.1bn. The company's share price lost \$1% on Friday, to close at \$10%.

Another leading steel company Armco, has also announced that it will not be paying a further dividend this year. Armco first declared that it was suspending payments last August, and is not expected to resume for several quarters. The company announced a net loss of \$272.7m for the third quarter.

The troubles of the steel manu facturing sector are being intensified by a series of downgradings by Standard & Poor's, the debt rating agency, which has issued new guidelines on Bethlehem Steel, the second largest producer, Inland

Of Bethlehem, which is scheduled to report its results this week, Standard & Poor's says that "even given continued economic growth, a return to profitability should not be The Histadrut central committee | agency has reduced Bethlehem's Inland Steel's senior debt rating

THE LEX COLUMN

The short arm of the law

Last week the UK Takeover Pan el added a new waxwork to its rogues' gallery. Alongside the insider dealer and the concert partygoer now stands the fan club member, not so sinister a figure as his neigh-bours but a little shady none the less. A fan club, the Panel warns, virtue of his reputation, attracts others to buy shares in a single company. Although this might not rate as a concert party, the leading investor could find himself holding sway over 30 per cent or more of the votes without having any obligation to make a full bid. The distinction between a concert

party and a fan club is an extremely fine one, as Mr John Griffiths found during his investigation of share dealings in House of Fraser. Neither is a new phenomenon and it is unrealistic to expect that any statutory or self-regulatory structure could distinguish unfailingly between the two. Even allowing for fer-dogs from the Panel, the Stock Exchange and the Department of Trade and Industry (DTI) have recently shown little success in tracking down suspicious or co-ordinated share dealings.

The most conspicuous failure has been the prosecution of insider trading, which normally proliferates in periods of heavy takeover activity and has done so again this year. The share price movements of Chubb, Curry and Brooke Bond among others - have alerted the market to the possibility of a bid well before the offeror has shown his hand. Yet, to judge from the record of the past few years, it is most unlikely that any of those responsible for the price movements will be prosecuted, let alone convicted.

Between June 1980, when insider dealing became a criminal offence, and March of this year the Stock Exchange referred 76 investigations into dealings in securities to the DTL Yet the DTI has brought charges in only three cases and has secured a conviction only once. The DTI admittedly faces the

most formidable obstacles. Anyone with a Swiss telephone directory can almost guarantee immunity by the simple excedient of trading through a foreign nominee account. But the experience of the past four years has also exposed serious weaknesses in the UK's legislative and regulatory approach.

The Companies Act of 1980 failed to grant the DTI powers of subpoena and so left the authorities fighting with one hand tied behind their back. The legislation defined Yieldson bonds

insider dealing so narrowly that the

wheeling approach of City of Lon-don watchdogs. A similar problem confronts the Panel in tracking

down abuses of the City Code. In its

early days, the Panel worked from a small rule-book and kept order in

often arbitrary but effective fash-

ion. As the rule book has expanded,

the Panel's freedom of manoeuvre has been restricted and the burden

of proof has shifted from the inves-

tigated to the investigator. The Pan-

el must play by the rules but has no-

statutory authority to enforce them.

The Takeover Panel is frequently

presented as an advertisement for

self-regulation - and rightly so. Its

areas of potential conflict of inter-

est will multiply. New participants

sion is considering Draconian mea-sures - under which dealing in secunties in the U.S. would serve as a waiver of foreign secrecy laws - in order to tackle the problem. Such radical action is unlikely in the UK but the shortcomings of the present arrangements should at least be addressed, not least in the forthcoming White Paper (discussion document) on investor protection.

Treasury on target Last Wednesday was a fine day

for the U.S. Treasury. Almost effortlessly, it managed to save itself more than \$2m a year in interest costs for the next four years with DTI has fought shy of bringing prosecutions. Meanwhile, the treatthe prospect of many more line days to come. The occasion was the auction of its first internationally ment of insider dealing as a crimi-nal offence has limited the effec-tiveness of the self-regulatory agentargeted bond issue, at which European and Japanese banks bid for cies. The old Takeover Panel approach - vigorous arm-twisting folpaper at a yield of over 30 basis points lower than the domestic counterpart. The domestic auction lowed by a polite request that the was only moderately successful And this was at a time when Eurooffender make an appropriate con-tribution to charity – might now be held to prejudice criminal proceeddollar bonds were uncharacteristically yielding more than U.S. bonds. The result is the worst of both worlds. The legislation lacks real teeth and yet inhibits the free-

The issue was oversubscribed and the Treasury cannily allocated only \$1bn to bidders, perhaps hop-ing that those who missed out this time will hid more aggressively at the next opportunity. About half went straight into Japan, where or-ders had been placed for the bonds weeks before the auction.

The 30-basis point sacrifice ov domestic bonds - which are also tax-free now - is the price investors pay for anonymity. On the targeted issue, their names appear on no register, although sellers of the bonds have to certify that the buy ers are not U.S. citizens. Even this some banks, particularly the Swiss.

The question is whether investor: task has, however, been facilitated by the clear demarcation lines between different categories of institution in the London market and by the willingness of almost everyone sive because no one wanted to miss out on an inangural size of the acable exception - to abide by the tion. When it came to selling the parules.

The City of the late 1980s will be Europe and some people found more challenging. As the lines of themselves selling bonds at a loss demarcation become blurred, the

Once the novelty has worn off for investment houses and end invesin the corporate finance market will tors, the spread between internanot necessarily be so familiar with - tional and domestic issues will have or even respectful of - the City Code to narrow. In fact, because of as their predecessors.

Detection of irregular share dealing is all the more difficult in an initial in the embarrassing position ternational securities market. The of having to pay more for its money Securities and Exchange Commis- in Europe than IBM or Coca Cola.

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Argentina moves to step Nigeria rules out early Sipra to fight up Falklands pressure

Matthey move By David Lascelles in London

MR MAHMOUD Sipra, the Pakistani businessman whose ailing El Saeed Group threatens Johnson Matthey Bankers (JMB) with large losses, was yesterday preparing to resist attempts by the bank to wind up his loss-making shipping interthe Falkland Islands.

He was holding meetings in London with his American lawyers who had arrived in the UK from New York at the weekend in anticipation of negotiations with JMB and possible legal proceedings this week. At the end of last week Price Waterbouse was appointed receiver to two of Mr Sipra's film companies,

Nitemeg and Monostock, and JMB's solicitors petitioned for the winding up of Eurostem Maritime, one of his London-based shipping companies. Mr Sipra has said his group has \$25m to \$30m in loans out from JMB, but others have said the expo-

sure is much larger. He says he is determined to stay in business. In a separate action today a group of banks, including JMB, are to appear in the High Court to try to decide the fate of Esal, the troubled

commodities group which ceased trading this year with about £200m (5240m) of debts. Many of the banks support a res-cue package which involves the refinancing of some of Esal's debts to keep the group alive. Others will pe ful solution to the sovereignty dis- stention will be the key test of Brittition to have it wound up.

hly will increase international pressure on Britain to resume negotiations over the future sovereignty of

the revamped resolution still effectively calls for talks about a predetermined transfer of the Falklands to Argentina, in which the wishes of the islanders will not be respected.

graph of the resolution.
This now reads: "The General As-

ARGENTINA hopes that inserting ences relating to the question of the four words into a resolution before the United Nations General Assemting the phrase about Both countries are lobbying in-

tensively in the build-up to the debate on Wednesday. Argentina is trying to win a more emphatic majority than it achieved on the same issue in November 1983, by claiming a new constructiveness and

In its efforts to suggest that the call for talks does not bind the UK's hands in advance, Argentina has added four words to a key para-

flexibility in its approach. The country's Foreign Minister, Sr Dante Caputo, has arrived in New York to The UK delegation, led by Sir John Thompson, the British ambas-sador to the UN, is striving to convince any waverers among the nu-merous abstainers of last year that

sembly reiterates its request to the governments of Argentina and the UK to resume negotiations in order to find as soon as possible a peacepute and their remaining differ- ain's support on Wednesday.

It is by inserting the phrase about "remaining differences" that Argentina hopes to convey that nothing is made non-negotiable by the wording of the resolution. "It is cryptic, but significant," an Argentine offi-cial said last week.

British diplomats still insist that to negotiate about sovereignty is to concede that sovereignty is negotiable. In particular, they stress that a phrase in the preamble "reaffirming the need of the parties to take due account of the interests of the population of the islands" does not ovide for self-determination. At first sight the tension over the

debate might appear pointless. Argentina will undoubtedly achieve its substantial majority support of 1983, but the vote will not oblige the UK to alter its attitude in any way. Yet such resolutions provide a measure of the international re-spectability of Argentina's claim af-

ter its disastrous invasion. Equally, the number of countries rejecting the resolution or abstaining mea-sures the patience of Britain's allies towards its stance. Last year only eight countries voted with Britain against the reso-lution, but a total of 54 abstained,

including all the EEC countries.

The solidarity of this European ab-

increase in oil price

Continued from Page 1

Zaki Yamani, Saudi Arabian Minister of Oil, suggested that the objective could be fulfilled by the end of

At the Geneva talks last week he is understood to have told Opec members that Saudi Arabia would be prepared to limit its output to 4m b/d, an effective cut of about 1m b/d compared with the rate this month and also the maximum amount allowed it by other members under the prices and production pact. Kuwait suggested that it would

be prepared to sacrifice 100,000 to 150,000 b/d if the United Arab Emirates would cut as well. Venezuela and Libya indicated that they were prepared to forego 100,000 b/d, while Algeria expressed a willing-ness to come down by 50,000 b/d. Egyptian Oil Minister Abdel-Hadi Quandil, also in Geneva for talks with Opec members, confirmed onarrival that his country was prepared to cut its current production level, which he estimated at about

900,000 b/d Oil companies, forecasters and analysis believe a shortfall of Im b/d would be sufficient to turn the market around by the end of the year. On his arrival in Geneva Mr Belkacem Nabi, Algerian Minister of Energy, questioned whether 1m b/d to 1.5m b/d would be sufficient, but it was not clear whether he was talking about a reduction from the likely level of demand or the 17.5m

The problem of differentials has been compounded by Saudi Arabia's decision to increase the proportion of Arabian Heavy in its export contract packages from 20 per cent to 35 per cent - which effectively has made Arabian Light almost

Sheikh Yamani, however, is opposed to any increase in heavy crude prices, which would narrow the differentials and properly take into account the increase in excess upgrading capacity in the world's refining industry.

tials, pressure in the market on the lighter crude has grown and encouraged discounting in various forms by Opec members. Opec experts, as well as the oil industry, are convinced of the imperative need to close the gap between the official selling prices of light and heavy crude if the market is to be stabilised in the longer term. Arabian Heavy has consistently

an Heavy \$26.25-\$26.70.



50 cents a barrel cheaper.

Because of the present differen-

spot market, but the gap had widened to about \$1.70 last week when the buyer-seller rate for Arabian

commanded a price above its offi-cial selling rates of \$20 to \$26 per barrel, while Arabian Light only exceeded \$29 for a short period in the summer of 1983.

A month ago the two crudes were only about 75 cents apart on the Light was \$28-\$28.35 and for Arabi-

resource recovery from wastes and by-products, Biomass utilise Biomass utilise bio-engineering to SS Clwyd Industry Team today culture enzyme systems to perform specific brief us on your recovery tasks. requirements and in about a weeks time we Biomass also cultured an extremely good relationship could be sitting round a table with all the with Clwyd's Industry answers to your Team, liaising closely with them on all their relocation requirements. Alternatively The Team found, purchased and write to Clwyd renovated a superb mansion house to County Council, Industrial Development Division, Shire Hall, Mold, Clwyd CH7 6NB. act as Biomass's Headquarters and R & D Laboratories, as well as giving advice on finance (equal to the best Telex: 61454. available in mainland Britain), planning, mains services, communications and workforce. In addition the team liaised on Biomass's behalf with central and local government, service authorities and anyone else who could assist, ensuring the smoothest move

World Weather

UK unions put pressure on miners

Continued from Page 1 for financial aid. "There's nothing who was said to be a representative regime was "vile" and that "any of-

night that he knew of the contacts allegation. and saw nothing sinister in them. "The NUM has traditionally had links with unions on both sides of the ideological divide, and the

Libyan contacts are part of that." The allegations, in the Sunday Times newspaper, are that Mr Scargill once, and Mr Windsor twice, met Libyan representatives. Mr Windsor visited Tripoli, and met Colonel Gadaffi, the Libyan leader. The visit was allegedly arranged by Mr Mumtaz Abbasi, a Pakistani liv-

new is there something wrong with of a Libyan-backed terrorist group. Libya?" Mr Heathfield said last Mr Abbasi yesterday denied the of a Libyan-backed terrorist group. Mr Scargill confirmed the visits.

He said: "If a representative of the NUM visits a country it is not unusual for the leader of that country request an interview." He said that Mr Windsor had been the guest of Libyan trade unions and that a distinction should be drawn between a Government and the trade union movement of any country.

Mr Neil Kinnock, the Labour leader, however, issued a strong ing in Doncaster, South Yorkshire, statement saying that the Gadaffi

fers from them would be an insult to everything the British Labour movement stands for. If such offers are ever made then of course they must, and will be rejected." ● The NUM is to take the Govern-

ment to court over the deduction of £15 a week from the social security benefits of striking miners. Mr Scargill told a rally on Saturday Our case is very simple. If the legislation states that you should not be paid £15 because it is ned that the union have paid £15 strike pay, how can you pay a penny when they have frozen your

هيئ وسن النهل



SECTION II - COMPANIES AND MARKETS **FINANCIAL TIMES**

Monday October 29 1984



INTERNATIONAL BONDS

How Sweden upstaged the Fed

BY MAGGIE URRY IN LONDON

come milestones on its course. The week ended on a high note with Morgan Guaranty announcing the first sale by tender of floating rate notes, for that ever-innovative borrower Sweden. Ironically, Sweden's auction was publicised just as the bonds sold in the U.S. Treasury's first foreign auction were floun-

The Treasury auction of Sibn of four-year notes with an 11% per cent coupon and average issue price of 99.939 was undoubtedly a success in the borrower's terms. Many of brought down the cost of borrowing wealth Bank of Australia and Woolthe buyers however are now sitting and made a nonsense of commison uncomfortable losses. The bonds immediately started trading below combination of the interest rate the average issue price, and with paid and the front-ends fees.

The fees have become more of a on Thursday and Friday, the bonds were down to 98.50 by Friday

The yield difference between the lower yielding foreign and the do- the London interbank bid rate. had been 32 basis points at the av- fectively set their own fees - it is around 15 basis points by Friday's for everyone.

Treasury had managed to borrow 99.25. If Sweden sold the lot at that more cheaply than all but the best-Eurobond market, dealers reckoned that just showed the cheapness of to the five-year put option. That compares with a 9% basis point. There was also speculation that when the U.S. Government agencies start borrowing in Europe, they could get even cheaper rates if they go though the normal Eurobond syndication process.

The Federal National Mortgage Association (Famile Mae) and the Student Loan Marketing Associa-tion (Sallie Mae) are expected to

come to the market soon. which will be hidding are much warrants. So strong has the marmore likely to be the end buyers of ket's craving for warrants been that

Sweden's auction was seen by the market as "a smart idea for the borrower," which may get funds cheaper than it could have done though the usual syndication route. From the bankers' viewpoint however, tenders are generally something to be resisted as they cut out the commissions. Tenders can be good, or they can be very bad - they can put people off," observed one banker.

This tender would probably not sion rates. A borrower's cost is a

The fees have become more of a juggling item than the yield, which is usually a margin over London interbank offered rate. The yield on the Swedish issue has been set at mestic portion of the issue, which Through the tender, bidders will eferage auction prices, narrowed to just that they will not be the same

The issue was trading in the Although at the auction level the when-issued market on Friday at price it would end up with an effeckwed U.S. coporate names in the tive cost of funds on a discounted Eurobond market, dealers reckoned basis of 7% basis points over Libor, week - the \$1bn for Italy.

Described by a rival manager as an event not an achievement. Merrill Lynch obtained funds for Italy at an unprecedented low rate. With front end fees pared to 14% basis points, the issue was held within that discount almost from its

The Eurodollar bond market was Sweden's competitive tender overwhelmed with issues last week, makes more sense than the Treasu- both floaters and fixed rate. The latry's in one respect. The banks ter are still usually coming with floating rate notes than of targeted Seagram found it better to issue Treasury fixed rate bonds. "A ten-bonds in the U.S. market, and war-

THE EUROBOND market is changing ever more rapidly, and last week saw developments set to be-

of warrants for its Friday issue, settling for a plain vanilla bond which traded nicely inside its fees. Interestingly it has a longer, 10year, maturity than has been seen

The Euro-Australian and New wealth Bank of Australia and Woolworth New Zealand, could have got

Salomon Brothers, the five-year El-

Zealand dollar markets were also tapped on Friday - the latter for on-ly the fourth time, and the first since March 1983. In each case the

ACTIVITY in the Euronote market as a \$300m facility for BAT Indus- function of its desire to become bet-

tries of the UK was quickly oversubscribed, while Elders IXL, the Led by Chase Manhattan and range.

ders deal breaks new ground as a "global note facility" with funds be-ing raised simultaneously in the U.S. commercial paper and Euro-This is a highly unusual structure and use Euronotes simply as a

back-up for their commercial paper

inued at a brisk pace last week both markets at once is partly a ter known to both U.S. and internahile Elders IXL, the tional investors and partly to gain farming to finance extra flexibility in its cash managegroup, brought its previously an ment. The Euronote market offers a nounced \$500m package to the mar- greater choice of maturities, particularly in the six-month to one-year

More important, however, is the fact that the company's paper has not been rated by either Moody's or Standard and Poors. This means that it will sell in the U.S. at a slight premium and will have to be backed by a letter of credit facility because most companies prefer to (being arranged by Chase Manhat-borrow in the cheaper U.S. market and use Euronotes simply as a which largely offsets the pricing differential between the commercial paper and Euronote markets.

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON Banks which participate in the fa-cility will receive a 10 basis point commitment fee for agreeing to underwrite the Euronotes at a maximum 15 basis point yield over the London interbank offered rate for Eurodollars (Libor).

BAT and Elders IXL break new ground

BAT also broke new ground with its deal Apart from the \$60m revolving credit which is needed to bridge technical cash shortfalls as paper is redeemed, its facility bears no commitment fee at all. Yet Citicorp, which is arranging the deal, had still managed to pull in commit-ments of \$320m by Friday night.

How can BAT have pulled off such a coup? One answer seems to be that those banks which have come into the deal regard it very much as a securities market rather than a commercial banking transac-

tion. By committing to bid for the notes they are assuring themselves for the \$300m, eight-year credit for of an inventory of paper they will easily be able to sell to their clients,

Only banks which are very confident of their power to place the notes with investors can afford to take such an approach, and then only with truly top-class credits. If banks felt that there was a risk of their being stuck with the paper they would have to clear space on their balance sheets which would employ capital and make the deal

provision which compels them to is due shortly to launch an Ecu bid for the paper but allows them to 250m, 10-year credit with margins name their own price.

its telecommunications agency OTE. A new twist to the story however when the Bank of England unexpectedly dropped its insistence that the sterling portion of the deal, amounting to around \$75m equiva-lent, could only bear Transferable Loan Instruments maturing in five

years or more. Forthcoming credits include a \$500m, eight-year deal for Algeria employ capital and make the deal impossible without a fee.

In BAT's case their confidence in being able to sell the paper in the manufacturing industry. Effin, in the manufacturing industry, Effin, in the shortly to learn the second of the manufacturing industry. name their own price. starting at % point and rising in the Eurocredit market Greece stages to %.

EW	INTERNATIONAL	BOND ISSUES	

Borrowers	Amount 10.	Maturity	Av. life years	Caupon %	Price	Lead Museger (lifer yield %	Borrowers	Amount BL	Maturity	Av. life years	Coupoa 4/a	Price	Lead Manager	Offer yield
U.S. DOLLARS Nipper Credit Bk Ø ‡	109	1992	7	127/2	1031/2	Mgo. Stanley, Bankers Trust, Sulomon, Nippon Credit	12.106	Alistralian Bollars Comm. Benk of Austrolia ‡	35	1989	5	125/4	100	Orion Royal Bk, Hambros, Nomera Int.	12.625
Suncer‡ Italy (c) †‡ Hazana-Gani¶	75 1080 58	· 1991 1994 1988	7 10 5	12% % (5½)	180 180 188	CSFB, Orion Royal Bit Marrill Lynch Yansaichi Int., Bgo Paribas, Gai-lei	12.525 si	NEW ZEALAND DOLLARS Weelworths N. Z.	28–25 ind.	1991	7	1514	100	Bge Gutzwäller, Kerz, Bun.	16.250
Spain (d) 1‡	500	1999	15	V ₂	108	Kangyo Int., KIIC, Mgn. Stanley Mgn. Suaranty, CSFB, Dostschn, Mitsubishi Fin. let.	_	D-MARKS EEC ‡	109	1996	12	7½	108	Deutsche Bank	7.500
Rakston Punita ؇ Caca-Cola ؇ Kartan Ex-lan Bank (a) †‡	196 180 50	1994 1988 1994	18 4 10	12 11% 14	98 103.5 100	Mgn. Gearanty, Salemon, ESFB, Guidean Sacht, Mgn. Guarenty, CSFB First Chicago Asia Mich Bk, ETCB Asia, Man. Hanover Asia, Symitom Fin Int	12.359 10.234 o	SWISS FRANCS WADB ‡ British Land ‡ Foij Machine Menu. ** § ‡ Itolane Jod ** § Council of Ear. Rest. Fo	120 75 25 30 128	1994 1999 1998 1998 1992	- - -	6Va 6Vz 2Vz (2V8)	190 19074 190 190	UBS Soditic J. Heavy Schroder Bik SBC Banca del Gottardo	6.125 6.473 2.500
Minisysia (d) †‡ Alfied kick Bank (a) †‡ Standard Bank (a) †‡	600 188 75	2009	25 7	¥2 ¥4 ¥4	199 195 198	CSFB CSFB, Allied kish lav. Bk, Morrill Lynch, Salumon Societo Generale	- :	Toyana Chemical ** § STERING African Day, Bank 1	59	1989		(6) (25%) 	100 91.574	CS Barring Bross.	12.215
Hokkaido Eloc. Power ‡ Prov. of Seskatchewan ‡	50 198	1989 1989	5 5	12 % 11 %	100 100	Yannichi lot., Bue Paribas, Takugin lut. Bk CSFB	12.125 11.875	Benque Indosusz (b) † Ø ‡ ECUs	55 85	1991	7	1/8	190	CSFB, Citicarp, S.G. Werburg	
SHCF Ø ‡ Westpac Benking Ø ‡	190 160	1992 1992	8 7	123/s 123/s	184.1 103.8	Seloman Bros., BNP, SBCI Mgn. Stanley, BoA lat., County Bl. Mgn. Gueranty, SBCI, Westpac	11.562 12.841	World Sank I World Sank I	125 75	<i>1</i> 989 1994	5 18	1844 1054	1987/4 108	Krediethank Int., ABN, Bqs Brux. Lambert, BNP, Soc. Ges. de Bqe, SBCI	10.184 10.625
World Bank ‡	158	1994	18	121/4	188	Deutsche Bk, CSFB, Goldman Sachs, Mgn. Guaranty, Mgn. Stanley, SBCI, UBS (Secs)	12.250	GUILDERS EBB ‡	308	1999	181/2	 7¼	1091/2	Amito, ABN	7.593
Viacom Int. 5 Swoden (a) † U.S. Treasery ‡	50 508 1809	1999 1999 1988	15 15 4	(7½-8) (e) 11%	100 99.939av.	Staith Barney, Harris Upham, CSFB (Tender sale) (Tender sale)	11.395	LUX. FRANCS Union Bk of Fisland ‡	259	1989	5	11	1904	Bga int. a Luxera.	18.932
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* Not yet priced. Final teams.	. ** Private Pl	acement. §	Convertible.	† Hosting	-cate note.	O With debt werrants. 9 With e Moto: Yield	quity wan	ants. (a) 1/4 over 5-month Libe plated on AIBO basis.	pr. (b)1/4 over 3-	menth Liber.	(c) 1/s ex	er G-menth	Limean. (a	i) Ve over 6-month Liber. (e) 6-m	neth Libid.

NEW ISSUE

ent appears as a matter of record only. The notes have not been registered for offer or sale in the United States. Offers and sales of the notes in the United States or to United States nationals or residents may constitute a violation of United States law if made prior to the 90th day after a determination that the distribution has been completed.

U.S.\$100,000,000 Merrill Lynch & Co., Inc.

12.75% Notes Due 1989

Merrill Lynch Capital Markets

Algemene Bank Nederland N.V. Crédit Lyonnais Goldman Sachs International Corp. Morgan Stanley International Salomon Brothers International Limited Société Générale de Banque S.A.

Union Bank of Switzerland (Securities) Limited Amro International Limited BankAmerica Capital Markets Group Banque Indosuez County Bank Limited Crédit Commercial de France

Daiwa Europe Limited Genossenschaftliche Zentralbank AG Girozentrale und Bank der österreichischen Sparkassen **IBJ** International Limited Kredietbank International Group

LTCB International Limited Samuel Montagu & Co. Limited Nippon Credit International (HK) Ltd. PK Christiania Bank (UK) Limited Sanwa International Limited Westdeutsche Landesbank Girozentrale

Aktiengesellschaft Kansallis-Osake-Pankki Lloyds Bank International Limited Mitsubishi Finance International Limited The Nikko Securities Co., (Europe) Ltd. Orion Royal Bank Limited N.M. Rothschild & Sons Limited Svenska Handelsbanken Group Wood Gundy Inc.

Dai-Ichi Kangyo International Limited

Fuji International Finance Limited

Banque Paribas

Société Générale

Morgan Guaranty Ltd

S.G. Warburg & Co. Ltd.

Bank Brussel Lambert N.V. Barclays Bank Group

Creditanstalt-Bankverein

Banca Del Gottardo

Dresdner Bank Aktiengesellschaft

Swiss Bank Corporation International Limited

Nomura International Limited

Yamaichi International (Europe) Limited

October, 1984

These Bonds having been sold outside the United States of America,



PAN AMERICAN WORLD AIRWAYS, INC. New York, N.Y., U.S.A.

Swiss Francs 100 000 000

6¹/₂% Subordinated Bonds 1984-1989/94 Convertible into the Common Stock of

PAN AM CORPORATION

Delaware, U.S.A.

SODITIC S.A.

BANK HEUSSER & CIE AG

HANDELSFINANZ MIDLAND BANK

NIPPON KANGYO KAKUMARU (SUISSE) S.A.

J. HENRY SCHRODER BANK AG

Compagnie de Banque et d'Investissements, CBI

Bank Oppenheim Pierson (Schweiz) AG

Hottinger & Cie

Bankers Trust AG Crédit des Bergues

Dai-Ichi Kangyo Bank (Schweiz) AG LTCB (Schweiz) AG

- Groupe Société Générale -

New Japan Securities (Schweiz) AG Société Générale Alsacienne de Banque Banque de Participations et de Placements S.A. Crédit Lyonnais Finanz AG Zürich

The Industrial Bank of Japan (Schweiz) AG

Morgan Guaranty (Switzerland) Ltd

Overland Trust Banca Volksbank Willisau AG

Advisor to the Borrower Salomon Brothers Inc U.S. MONEY AND CREDIT

Rally falters as unease over Fed is renewed

THE U.S. credit markets have entered a critical, "testing" phase. Despite the recent sharp decline in short-term money market rates, the rally faltered late last week as profit takers stepped in, while fresh un-certainties about the Federal Reserve Board's intentions and

interest rates directions moved to the fore.

The key question facing investors is whether this setback marks more than a temporary end to the recent bull market rally. Wall Street is deeply divided on the issue.

Dr Henry Kaufman of Salumon Brothers highlighted Salomon Brothers highlighted the renewed unease in the markets last week by describing the recent rally as "a pleasant interlude" before underlying cyclical forces re-emerge to

push rates higher. when the In the shorter term Dr per cent. Kaufman, in his weekly "Comments on Credit", notes that "The Federal Reserve has begun to act as though it believed ease has progressed as far as desirable." The Salomon believed ease has progressed as fed which he saw as indicating far as desirable." The Salomon that "contrary to widespread Brothers' economist drew particular attention to the Fed's authorities apparently have not move to drain reserves through as yet moved to further ease reverse repurchase agreements reserve requirements."

U.S. MONEY MAR	KET R	ATES (%	6)		
	. Legt Friday		4 wks	—12 n High	Law
Fed Funds (weekly average)	9.10 9.35 9.59	9.54	10.71 19.21 10.35	11.77 10.77 10.83	9.19 8 48 8.71
Three-month prime CDs	9,50 9,25 9,45	10.02	10,95 10,70 10,60	11.90 11.33 11.40	9.27 9.00 8.75
U.S. BOND PRICES	AND	YIELDS ((%)		
		Change on weak	Yield	1 v zot ů ago	4 wks
30-year Treasury Seven-year Treasury 20-year Treasury 30-year Treasury New 10-year "4" industrial	106 994 9874 106	(new)	11.71 11.68 11.58 11.77 12.65	11.82 (R9W) (ngW) 11.82 12.63	12.26 (new) (new) 12.26 13.25
New "AA" long utility	~	- ī	12.75 12.63	12.75 12.50	13,50 13,13

when the fund rate fell to 91

when the fund rate fell to 9\footnote{\footnote{\chicknet}} In contrast, Mr Philip per cent.

Other market economists, says the banking figures, which including Mr David Jones of Aubrey Lanston, focused on the latest banking figures from the latest banking figures from the Fed which he saw as indicating that "contrary to widespread expectations, the monetary authorities apparently have not as yet moved to further ease reserve requirements."

In contrast, Mr Philip Braverman of Briggs Schaedle Even so, the market's performance was still impressive given and corporate paper. The 4- year note auction on Wednesday while there is as yet no definitive indication of the Fed's precise funds objective, it is probably targeted at funds objective, it is probably targeted at an now below the previously pre-In contrast, Mr Philip

Source: Salomon Bros (estimates). tober 15 M-1 rose by \$1 8bn to \$547.4bn.

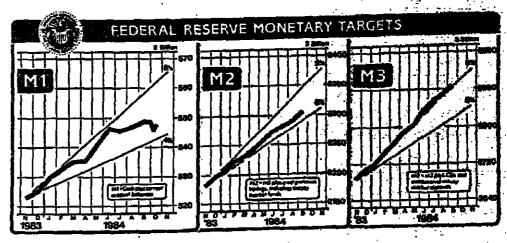
uncertainty was reflected in the end-week bond of new coupon offerings this price retreat and in the perception month and the flood continues, tion that the half-percentage On Wednesday, the same day point cut in the prime rate to 12 the September leading economic per cent amounced by the big banks on Friday is likely to be released, the Treasury is due to the last reduction for some time -almost cetrainly the last be-fore the November 6 presider-

points lower at 106 to vield 11.77 per cent

vailing 01 to 101 per cent range, lower than the domestic issue most likely 91 to 10 per cent. on an equivalent basis. The Treasury has sold \$26bn

On Wednesday, the same day released, the Treasury is due to announce details of the quarterly refunding. This is expected to include \$6.50n of tial election.

Money market rates, led by three-year notes for sale on November 7, a \$5.55m to \$5.755m



Money market rates, led by the federal funds rate, where lower at the close by up to 35 basis points despite a partial reversal on Thursday and Friday.

Bond prices stalled decisively. The Treasury long bond gave up more than 1½ points on Thursday and Friday to close a points lower at 106 to yield a partial. Corporate a points lower at 106 to yield a partial. Corporate a points lower at 106 to yield a points on the federal funds rate, where issue of 10-year notes for sale on November 8, and 85bn of 30-year long bonds for auction on November 13.

In the meantime the corporate bond market is also awash with new offerings and sawsh with new offerings and some signs of indigestion are already apparent. Corporate a points lower at 106 to yield 12.42 per cent bonds to yield 12.42 p

notes at per, and GTE sold \$150m of 30 year 12; per tent debentures at 88.6 to yield 12.3

10 Industries | 15/8/88 |
Int. Pirelii | 14/8/88 |
Id. Pirelii | 14/8/88 |
Id. Pirelii | 16/8/88 |

UK GILTS Investors wary despite better news

STEADIER OIL prices, a to overseas buyers, however, stronger pound and falling suggests that the Bank remains short-term interest rates might anxious not to jeopardise the have held out the prospect of a strong revival in the gilts market last week.

Instead the market managed.

not maintain the momentum to push gains beyond 1 to 11

That was enough for the Bank of England to get in another slice of funding before the British Telecom floatation with its announcement on Fri-day that it is issuing £600m of existing stock in four tranches, or taplets.

The spread of the four £150m issue across all maturities and the designation of one (the 9½ per cent of 1999) as tax-free

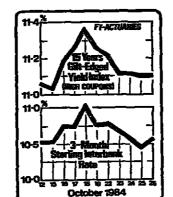
_	_	
EUROBONE (nominal v	retue in \$	m)
_	Cadel	Euroclear
U.S. S bonds Last week Previous week	8,621.2 8,731.0	18,849-2 16,783.5
Other bonds Last Week	1,937.8 2,128.3	1,627.2 3.063.9

market last week.

Instead, the market managed to recover its poise after the sterling-induced traumas of the previous week, but then could not maintain the memeritum to rowing and the money supply. and lower U.S. rates would have generated a more exciting per-Optimism was muted, how-

ever, by the apparent intractability of the miners' strike, and by some concern over the potential inflationary impact of high pay deals in the car industry.

down base rates in the coming



Investors also want to be sure that sterling's recovery is sustained, and will be looking to OPEC to live up to the expectations created by last week's promise that it will hold prices by cutting output.

If oil prices and sterling do "Overall the fundamentals support a move to lower yields and, given a "window" in the foreign exchange markets, the authorities may attempt to bring rates lower," broker Simon & Coates says in its latest

If oil prices and sterling do market review.

hold steady, the optimists in the market think that the of the market—with instituauthorities may seek to nudge tional liquidity buoyant despite the cash set aside for Telecom
—has not persuaded everyone

that the outlook is clear-cut.

Brokers are uncertain just how much of a brake the miners' strike may put on the market and about what effect any settlement would have if it was seen as too favourable to

There is also some caution over the short term. Mr Jack Wigglesworth, a partner at W. Greenwell, for example, thinks that for the next week or so the market may face a period of consolidation before the favour-able underlying situation re-

able underlying situation re-asserts itself.

Mr Keith Jones, senior economist at James Capel, is also cautious over immediate prospects. "I think that we have seen the low point for U.S. rates and the dollar. The market is also worried about the dignetos in the car the disputes in the car industry," he says.

On that basis any decisive

move may depend on whether the October money supply figures, due on November 6, live up to most brokers' opti-

Philip Stephens



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SEPTEMBER 1984

U.S. \$400,000,000

Bank America Overseas Finance Corporation N.V. (Incorporated with limited liability in the Netherlands Antilles)

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S.G. Warburg & Co. Ltd.

ome signs of indigest lready apparent. Co	ion are record orporate Am	\$7.8bn. sold \$100m ag the new corporate cent bonds	of 30-year 12.3 8 per s to yield 12.42 per	Paul Taylor
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STRAIGHT BONDS: Yield to redemption rato) for U.S. dollars.

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Quebec Prov 123 93 100
Sears Roebuck 113 93 150
Britoil Fri 113 90 125
Sumitomo Fin 123 91 150
Mitschishi Corp 123 91 150
GTE Finance 12 98 175
Newfoundland 13 91 75
Deitchi Kangyo 124 90 100
Penney J. C. 117 90 100
Penney

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

CORPORATE FINANCE

BT's world-wide roadshow gets underway

IT IS, quite simply, easily the biggest share issue which has ever been launched anywhere. The UK Government's offer for gale of over £3\frac{1}{2}bn of shares in British Telecom is being Telecom is being Telecom Telecom Is being Telecom Telecom Is being Telecom Telecom Telecom Is being Telecom Teleco

shows are now getting under way, with two teams of directors and bankers heading for the U.S., Canada, Switzerland, Germany, France, and the Netherlands as well as 18 towns across

First impressions of international investors seem broadly favourable. The price of the issue will not be announced ing UK until November 16, but Mr domestic

sale of over £34bn of shares in a price earnings ratio of British Telecom is being pitched at investors well beyond the shores of Britain, and the international marketing effort will reach a crescendo in the next three weeks.

Preliminary prospectuses were filed on Friday in Washington and Canada, and on Saturday in Tokyo. The roadshows are now getting under way, with two teams of directors thing around, but I think it will get done."

> Kleinwort has pulled in a group of blue-blood investment bankers to run the international selling effort. A syndicate of Swiss bankers led by Swiss Swiss bankers will be join-Bank Corporation will be join-the institutions in the UK institutions in the said sub-underwriting. And

and Nomura Securities.

remaining 49 per cent stake in the company. The prospectus rent underwriting practices of the UK and the rest of the world. As part of this exercise, ing to intervene in the annual contract the Bank of England has the company. the Bank of England has, in an unprecedented move, agreed to purchase any of the overseas portion of the issue which is not taken up in the foreign offerings.

According to the preliminary filings, a maximum of just over one-fifth of the issue could be sold through these foreign offer-ings, though the final figure could be lower. City speculation is that the Bank of England will put itself on the line for about one-tenth of the offer, which the most widely held shares in

350,000 or more investors-and no politician will be keen to upset that many voters. Despite all the international selling efforts, the outcome of the issue will be decided in the ernment's attitude to its remaining 49 per cent stake in UK, where Kleinwort is engaged in a sales campaign which has much more in common with Madison Avenue than

not interest to use its shareholding to intervene in the commercial decisions of British Telecom, and that it has promised not to sell any more shares before April, 1988. Under the legislation had the sale the Square Mile. The "Path-finder" prospectus—itself some-thing of an innovation in London—was launched last Friday in the glare of television lights, and it is confirmed that all knds of special features have possible, the Government can-not increase its interest in te been built into the offer to lure retail and institutional buyers.

company above 50 per cent.
The Labour Party has
promised to renationalise
British Telecom, but in the The final application date is November 28, and dealings are scheduled to start on Decem-ber 3. At present, a powerful current political climate, that threat is not likely to loom tide of support seems to be building up behind the offer right across the UK. large in the minds of British investors. This will be one of

Richard Lambert

U.S. QUARTERLIES ANCA INTERNATIONAL Op. not profits.... Op. not per share Nine months dent of Danish Steelworks and

* Controled by Camp- dian Pacific		
AMERADA HESS integrated petroleum	сонция	
Third quester	1984	1983
B	5	2,35ba
Net profits	1.95ba 40.6m	23300 75.1sp
Net per stare	0.48	0.88
Nixe mosths	0,40	
Revenue	6.39ba	6.10ba
Net profits	174.4m	148.3m
Net per share	2.06	1.75
AMERICAN HOIST Cranes, lifting eqpt.		
Third quarter	1984	1983
Revenue	109.4m	107.4m
Net profite	9.4-	49 2-4

AVON PRODUCTS Cosmetics 1984 \$ 747.3m 30.3m 0.36

606.1m 19.4m 0.50 CONSOLIDATED EDISOR Third quarte

INTERNATIONAL APPOINTMENTS

Novo boosts top management team

BY CARLA PAPOPORT

and a some the second transfer that the second second second second second second second second second second

NOVO INDUSTRL the Danish technical pharmaceuticals group, is aiming to boost its top manage-ment team with the appointment of Dr Niels W. Holm, 51, to the new post of chief operating officer. Dr Holm is currently presi in London.

its sales forecast for 1984 just two weeks ago. Novo's shares have tumbled from a peak of £43 earlier this year to £19} Mr Mads Ovlisen, Novo's chief

background proven management experi-ence." On Friday morning, before the confirmation of Dr Holm's appointment, Mr Ovlisen spoke to more than 100 invest-ment analysis and stockbrokers

He said that two of Novo's dent of Danish Steelworks and the said that two or records a non-executive director of main markets, enzymes and Novo. The Danish group has insulin, had proven more discome under much criticism appointing than expected in the recently for producing disappointing than expected in the recently for producing disappointing than expected in the recently for producing disappointing that expected criticism of Novo's August and then downgrading failure to identify the structural than the forest for 1984 that changes in these markets earlier changes in these markets earlier in the year. He said that lines of communication at Novo were Mr Mads Ovlisen, Novo's chief appointment would help executive, said Dr Holm would strengthen the leadership of all provide Nova with a "strong the group's operating divisions.

Financing offers to Nova Park

By John Wicks in Zurich

NOVA-PARK, the loss-making Swiss hotel group, has received two "financing offers" to support reorganisation programme. The company's net indebtedness has in the past months been given as anything from "about SwFr 100m" to SwFr 214m

Mr Cwraj Paul, the London based board chairman, is to hold discussions with an unspecipfied independent merchant bank with great experience in corporate financing."

At a meeting in Zurich which had originally been planned for September 19 and then cancelled at short notice, share-holders were told that "progress had been made" but no details are yet known of recommen-dations made by a working party including Fidinam, the Swiss auditing company.

Nova-Pak has suffered considerable losses from some of its luxury hotel projects and is currently confronted by regis-tered claims under Swiss law of more than SwFr 70m. This means it is threatened by a debtsettlement agreement unless new funds can be created in the near

Recovery slows at Texas Instruments

BY OUR NEW YORK STAFF

TEXAS INSTRUMENTS, the reported net profits of \$85.8m in the third quarter of this year against a loss of \$110.8m in the same period last year, when the company was hit by special charges against the abandonment of its home com-

The earnings figure, equiva-

BY JAMES BUXTON IN ROME

equipment maker, is to co-operate with Cit-Alcatel, its French equivalent, in research in the field of digital telephone

They will work together on developing common technical standards for the interface with the subscriber of the digital exchanges, which are already in production.

TEXAS INSTRUMENTS, the the second quarter when net in-U.S. semiconductor company, come amounted to \$85.9m or reported net profits of \$85.8m \$3.57 a share. Sales reached \$1.42bn, a 41 per cent jump over the \$1bn recorded in the same period last year, mainly because of increased semiconductor shipments.

For the first nine months, net income amounted to \$2\$1.5m, or \$10.43 a share, com-pared with a loss of \$222.9m or \$9.86 a share last year. Sales lent to \$3.54 a share, compared \$3.36 a share last year. Sales with a \$4.64 loss last year, jumped by 29 per cent from showed a marginal decline on \$3.28bn to \$4.23bn.

agreement covers development of these products, though not

manufacturing. It also includes co-operation of software and

digital exchange equipment.

standard in telephone

of losses on home computers, the company had achieved increased margins on its semi-conductor business in the quarter, while also benefiting from tax adjustments. These were reduced to some extent, however, by currency losses caused by the strength of the dollar and testing prob-lems on military semiconduc-

tors.
The halting of shipments on

Mr Fred Bucy, president, said military products that may be that apart from the elmination affected by an investigation gocost the company around \$13m.

Mr Bucy added that semiconductors and military orders had both dropped in the third quarter from the high levels of the previous three months, reflecting the moderating growth in the U.S. industrial production. The order backlog now stands at \$3.22bn, some \$159m lower than in the second

Air One seeks protection under bankruptcy act

BY OUR NEW YORK STAFF

AIR ONE, the U.S. airline launched exclusively for business travelers amid high hones only 18 months ago, has filed for protection from its creditors under Chapter 11 of the Bankruptcy Act.

The agreement will help lay the basis of a common European The airline's decision ground its fleet is the first serious setback for the group changes, and exemplifies the coof new carriers launched since deregulation of the U.S. indusoperation between European companies in electronics which try began in 1978. The company has lost \$40m since its inception and said that a cash infusion that it had been

expecting had fallen through. Air One, which employs 500 and has a fleet of nine Boeing 727s, has filed for Chapter 11 only days after Braniff, the Dallas-based carrier, announced deep cuts in an attempt to stem losses that are threatening its future. The problems of both airlines are evidence of the pressures building up from a new round of price cutting in an industry which has considerable over-capacity.
The St Louis airline has

given no indication as yet on

NEW ISSUE

its future strategy.

Net profits Net per share.. Nine months CHAMPION SPARK PLUQ Vehicle parts 1984 Net per share.. Nine months

Former Gambro chairman turns down lesser post

BY KEYIN DONE IN STOCKHOLM

MR ANDERS ALTHIN, who was stake in the company and Me deposed two weeks ago as chief executive of Gambro, the Swedish medical equipment manufacturer, in the wake of the takeover by Sonessons, has turned down the offer to remain with the company as deputy chairman of the board. Until the spring, Mr Althin was both chairman and group chief executive of Gambro, the fast growing maker of renal care equipment, which has become the world's leading

Mans-Eric Ovin, the hard-driving executive chairman of Sonessons, took over the post. After several years of rapid sales growth and surging profits.
Gambro's profitability had plunged alarmingly in the first half of this year. As a result, Sonessons, a rapidly diversifying light engi-

neering and pharmaceuticals group, took over a majority of the votes in the company two become the world's leading weeks ago and decided to move manufacturer of kidney dialysis in Mr Berthold Lindquist, Sonnesons' managing director, He lost the chair in May after as the new Gambro chief execu-Sonessons purchased a minority tive to replace Mr Althin.

State wins Total struggle

BY PAUL BETTS IN PARIS

French European Community commissioner and former Gaullist minister, was appointed on of Compagnie Francaise des Petroles (CFP). He replaces M Rene Granier de Lilliac who reached the mandatory retire-ment age of 65 on Saturday.

M Ortoli's appointment had been at the centre of a power struggle between the French

M Francois-Xavier Ortoli, the oil group which is 25 per cent owned by the state. The com-pany's candidate for the succession was M Louis Deny, the current deputy chairman. While confirming M Ortoli's appointment on Friday, the

larged.

M Ortoli's appointment is seen as part of the Socialist government's current efforts to government and CFP the Total win broader political consensus.

Deny's executive powers as

deputy chairman would be en-

All of these Securities have been sold. This announcement appears as a matter of record only.

Italtel makes the UT range of and by the EEC Commission, exchange in a joint venture but which often seems difficult

exchange in a joint venture but which often seem with GTE of the U.S. and the to realise in practice.

Italtel and Cit-Alcatel in

ITALTEL, the Italian state- Italian company Telettra. Cit-owned telecommunications Alcatel produces the E10. The

digital exchange pact

3,000,000 Shares



Common Stock

MORGAN STANLEY & CO.

HAMBRECHT & QUIST

ALEX. BROWN & SONS

THE FIRST BOSTON CORPORATION

DILLON, READ & CO. INC. GOLDMAN, SACHS & CO.

DONALDSON, LUFKIN & JENRETTE

BEAR, STEARNS & CO.

E. F. HUTTON & COMPANY INC.

MORGAN GRENFELL & CO.

LEHMAN BROTHERS LAZARD FRERES & CO.

MONTGOMERY SECURITIES

PRUDENTIAL-BACHE WERTHEIM & CO., INC.

ABD SECURITIES CORPORATION

ROBERTSON, COLMAN & STEPHENS DEAN WITTER REYNOLDS INC.

DAIWA SECURITIES AMERICA INC. THE NIKKO SECURITIES CO. KLEINWORT, BENSON

ATLANTIC CAPITAL EUROPARTNERS SECURITIES CORPORATION

NOMURA SECURITIES INTERNATIONAL, INC.

ROTHSCHILD INC. YAMAICHI INTERNATIONAL (AMERICA), INC.

BANQUE DE NEUFLIZE, SCHLUMBERGER, MALLET CREDIT COMMERCIAL DE FRANCE

ALGEMENE BANK NEDERLAND N.V.

J. HENRY SCHRODER WAGG & CO.

COMPAGNIE DE BANQUE ET D'INVESTISSEMENTS, CBI DE ZOETE & BEVAN

GRIEVESON, GRANT AND COMPANY

HILL SAMUEL & CO.

DREXEL BURNHAM LAMBERT KIDDER. PEABODY & CO. SALOMON BROTHERS INC COWEN & CO. CAZENOVE INC. ROBERT FLEMING SWISS BANK CORPORATION INTERNATIONAL
Securities Inc.

> Société Générale BANQUE INDOSUEZ Swiss Bank Corporation International Limited

PICTET INTERNATIONAL

JULIUS BAER SECURITIES INC.

VEREINS-UND WESTBANK

These Notes having been sold, this announcement appears as a matter of record only.



CANADIAN IMPERIAL **BANKOF COMMERCE**

(A Bank chartered under the Bank Act of Canada)

U.S. \$150,000,000

Floating Rate Deposit Notes Due 1996

Merrill Lynch Capital Markets

Amro International Limited Chase Manhattan Capital Markets Group Commerzbank

CIBC Limited Crédit Lyonnais

Daiwa Europe Limited First Interstate Limited

Orion Royal Bank Limited

Westdeutsche Landesbank

Credit Suisse First Boston Limited

Dai-Ichi Kangyo International Limited Enskilda Securities

Bank Brussel Lambert N.V.

EF Hutton & Company (London) Ltd Manufacturers Hanover Limited

Hambros Bank IB) International Limited Mitsubishi Finance International Limited

Mitsubishi Trust & Banking Corporation (Europe) S.A. Samuel Montagu & Co. Limited The Nikko Securities Co., (Europe) Ltd.

Morgan Stanley International Nomura International Limited Sanwa International Limited

Mitsui Trust Bank (Europe) S.A.

Wood Gundy Inc.

Sumitomo Trust International Limited Wardley

September, 1984

RECENT ISSUES

Burgess **Products** back to profits

Burgess Products (Holdings), Leicestershire based acoustical and electrical engineer and manufacturer, returned to posits in the year ended July 28 1984 with a pre-tax surplus of £72,000 compared with a loss of £237,000.

Pre-tax profits included a \$1.3m (\$422,000) contribution from precision electrical and electronic components. Losses of 2584,000 (£211,000) came from acoustical and other engineering products, and a 5644,000 (£449,000) loss from consumer

products.

Strong competition and diminishing market demand have adversely affected profit margins on vehicle replacement exhaust systems and consumer products. Accordingly the manufacturing and warehousing facilities has been extensively reorganised. After tax and extraordinary charges of £1.36m (against £300,000), there was a net loss of £1.38m against £534,000.

Because of this net loss there is no final dividend so an interim

27/28 Lovat Lane London EC3R 8EB

6.131

Hawley's moves pave way towards U.S. quotation

Hawley Group, the service in-dustry company headed by Mr Michael Asheroft, will operate with twin headquarters when its planned establishment of a Bermuda-based parent company is completed later this year.
Hawley, which surprised the
City at the beginning of this
month, with the announcement
of its Bermuda move, yesterday

dispatched details to share-holders in a 60-page document which also covered its planned purchase of the 43.5 per cent of Electro-Protective, a New Jersey porchase of the 43.5 per cent of perational headquarters of the Electro-Protective, a New Jersey Bermuda parent will be in the security group, which Hawley U.S. Hawley has already set up

does not already own.
The moves are designed smooth the way towards a U.S. listing for Hawley shares. They also reflect the group's growing presence in the U.S., where it has a large contract cleaning operation and a lawn care sub-sidiary as well as Electro-

Protective.
Hawley's London office will continue to oversee UK home improvement, cleaning and travel interests, but the "international

a corporate headquarters in New Jersey, and two directors, Mr John Danneberg and Mr David Bates, are based there. Mr Ashcroft said he expected

Hawley's image in the City has not been helped by its tendency to spring surprises, nor by the speed of its growth and the heavy share issues which have financed it. But its share price, unchanged on Friday at 83p, has recovered from lows seen after the Bermuda news.

TR Industrial assets increase

Net asset value at TR
Industrial and General Trust been lifted from 1.1p to 1.2p. increased from 179.3p at the end of last March to 186.3p at the end of September 1984. For the comparable six months the figure came to 157.7p.

Net revenue for the six months to the end of September 183.3m to 4.2m.

The net interim dividend has been lifted from 1.1p to 1.2p.

The directors forecast an increased final of 2.15p (2.05p), which will raise the total from 3.15p to 3.35p. First half earnings per share are shown as rising from 1.53p to 1.93p.

Total revenue moved up from 16.34m to 17.36m, comparable six months the ague came to 157.7p.

Net revenue for the six months to the end of September increased from £3.3m to £4.2m.

6.3 4.5 10.0 7.0 5.4 11.8 2.9 7.4 3.4 2.8 3.5 8.1 12.0 6.1

Tax took £2.27m (£1.71m). Overseas assets amount to 56 per cent (55 per cent) with 27 per cent in Japan and 21 per cent in the U.S. Total assets stood at more than £420m. Unquoted and other investments with restricted marketability amount to 14 per cent of the portfolio.

£6.34m to £7.86m.



Republic of Indonesia

U.S.\$75.000.000 Floating Rate Notes Due 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period 29th October, 1984 to 29th April, 1985 has been fixed at 10% per cent per annum and that the coupon amount payable on Coupon No. 5 will be U.S.55371.53.

> البتك السعودى العالمى المحدود Saudi International Bank

AL-BANK AL-SAUDI AL-ALAMI LIMITED

Bank of Tokyo (Curação) Holding N.V.

USSEO.000.000 GUARANTEED FLOATING RATE NOTES DUE 1989

Granville & Co. Limited

Over-the-Counter Market

Company Price on week

Ass. Brit. Ind. Ord ... 140 + 1

Ass. Brit. Ind. CVLS... 142 -... 142 -... 142

Airsprung Group 55 + 1

Armitage & Rhodes ... 40 + 1

Bryon Hill 120 - 4

Bry Technologies 43 -... 174

CCL Ordinary 174

CCL 11pc Corv. Pref.... 118 -... 118

Carborundum Abrasives 120 + 15

Cindica Group 92 -... 92



Payment of the principal of, and interest on, the Notes is unconditionally and irrevocably guaranteed by

> The Bank of Tokyo, Ltd. (Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agency Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., deted October 23, 1979, notice is hereby given that the Rate of Interest has been fixed at 10% p.a. and that the interest payable on the relevant interest Dayable on the relevant Dayable of the interest payable on the relevant interest Paymer 1985 against Coupon No. 21 will be US\$130.17.

October 29, 1984, London By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANCO

U.S.\$30,000,000



Grupo Industrial Saltillo S.A. Floating Rate Notes due 1988

In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 29th October 1984 to 29th April 1985 the Notes will carry an interest rate of 11½% per annum. The relevant Interest Payment Date will be 29th April 1985 and the interest then payable against Coupon No. 7 will be U\$\$2,812.15 per U\$\$50,000 Note and U\$\$281.22 per 1885 000 Note.

29th October 1984

By: Citicorp International Bank Limited Agent Bank

CITIBANCO

Surge in betting profit aids Northern Goldsmiths result

INCREASED LOSSES of £130,000 the miners' strike. However the against £103,000 in the jewellery directors say that results are division at Northern Goldsmiths satisfactory because the division were more than offset by a has been operating from twice surge in profits from £157,000 to the number of retail outlets £375,000 in bookmaking and compared with 1983. They also finance for the six months to point out that jewellery profits the end of August 1984. Pre-tax are biased towards the second-profits jumped from £30,000 to half.

£120,000 on turnover increased

As already announced the not from £5 8m to £16.11m following interim dividend has been lifted. to spend an increasing proportion of his time in the U.S.

Unlike the industry as a whole, as a result of cost cutting and expansion the directors say the betting division has more than doubled profits.

interim dividend has been lifted from 27.5m to £15.11m following two acquisitions.

The two acquisitions are expected to contribute significantly to second half-profits.

Unlike the industry as a whole, as a result of cost cutting and expansion the directors say the betting division has more than doubled profits.

As already announced the not interim dividend has been lifted from 1.85p to 2p. in the last full year a total of 5.5p was paid, and last July when Walker Hall and Anthony Glover were acquired, a total of 7.5p was forecast for the whole of the current year. The directors now say that further increases will be considered after the Christmas trading period.

Araoian associate, and developing of seeking out and developing alternative overseas markets to supplement the Saudi operation. The chairman adds that redundant the control of the contro

doubled profits.

The jewellery division is a Earnings per 25p share for the little behind budget because first half are shown as rising cales have been depressed by from 0.86p to 2.05p.

Stanley Miller in loss but recovery expected

SEVERAL factors have caused a construction having increased 1058es of £303,000 at Stanley
Miller Holdings, building contractor and civil engineer, for the period the first six months of 1984. The from the lo interim dividend has been

Mr N. R. Bell, chairman, says however that the company has a relatively strong cash position and the UK order book is at record levels. He believes that in the second half the company and the UK order book is at record levels. He believes that in the second half the company will return to profit, although it is unlikely to cover the first half loss.

He explains that UK activities were profitable during the six months, the main business of the chairman adds that redundance and other costs resulting from steps taken to reduce UK overheads were other factors while there were very disappointing results from the group's private housing activity.

Turnover at halfway amounted to £9.34m (£8.28m)

R. P. Martin

East presence

ploys about 45 people based in Tokyo.

tion agreement between the two companies which is intended to

cement a closer relationship in-cluding an exchange of staff. Mr

Simon Wright, an executive of Martin, is to join the Robayashi

raises Far

Pennine pays £4m for U.S. clothes group

R. P. Martin, UK money broker, is to take a 10 per cent stake in a Japanese broker, Kobayashi, at a cost of 2784,040. Pennine Resources, an oil and gas exploration company, has gas exploitable company, re-reached agreement to acquire Dutchmaid Inc., a U.S. group manufacturing, distributing and direct selling ladies and chil-dren's clothing. The deal is the latest of several alliances formed by brokers to exploit the liberalisation and rapid growth of the yen markets. Robayashi is a medium-sized firm which em-

The purchase price is \$4.4m (£3.6m). Of that amount \$1.25m is payable in cash on completion of the deal and the balance is payable over six years free of

Fokyo.

The deal includes a co-operation agreement between the two companies which is intended to tement a closer relationship including an exchange of staff. Mr Simon Wright, an executive of Martin, is to join the Kobayashi board.

Martin, which is already linked with Elerhaum, a leading West interest.

In addition a non-competition consultancy agreement provides for the payment by Dutchmaid with Elerhaum, a leading West interest. German broker, has been keen instalments on the first for some time to strengthen its second anniversary of

BOARD MEETINGS

presence in the Far East.

YAGOT Interims:—Avena, Ceas, El Oro Mining and Exploration, Exploration Co., Pismation and General invest-ments, Viking Resources Trust, C. and W. Weiter

acquisition.

Finals:—Allied London Properties, Anvil Petroleum, Floyd Oil Participa-tions, Manganese Bronze, FUTURE DATES

Interime:—
Aitken Hume International
Amersham international
BPB industries
Cater Alien
Heath (C. E.)
Mariborough Property
Moss (Robert)
Wardsten Chonnal

EQUITIES

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FIXED INTEREST STOCKS

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PENDING DIVIDENDS

Dates when some of the more important company divides statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the annums in the column headed "Announcement last year."

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Confident Weeks set to

'flourish and expand' THE THREE remaining com- to the receiver's appointment panies at Weeks Associates have have been included in the interior panies at Weeks Associates have produced pre-tax losses of £268,638, against profits of £100,313, for the 28 weeks to August 12 1984. Mr Wilfred Airey, chairman, is confident that the final outcome for the year will justify his optimization the future of the group.

At the trading level first half profits take from £118,112 to At the training level first hair profits rose from £118,112 to £204,623 from which interest charges took £115,020 (£120,948) and the trading loss of Weeks Trailers amounted to £358,238 (profits £103,149). Last month a received to £258,238.

(profits £103,149). Last month a receiver was called in to this ioss-making subsidiary.

Profits from continuing companies amounted to £83,603 (losses £2,836). Turnover from these companies came to £4,61m (£3,22m)—from Weeks Trailers it was £1,36m (£2,56m).

Mr Airey says that each of the three remaining companies has growth prospects. He believes that Weeks Associates will "flourish free from the constraints of involvement in the highly competitive and cyclical agricultural trailers market."

accounts—an extraordinary fi.06m charge has been made from the investment in Weeks Trailers. "No further provisions for Weeks Trailers should be necessary," says Mr Airey. There is again no interiod divi-dend—policy will be decided at the year end. In the last full year a single payment of 0.4p was paid. First-half losses per share were shown as 2.6p (64m-

ings 1p).
Attributable losses emerged at \$1.53m (profits £100,512).
In his statement in the last annual report Mr Alrey referred

to the uncertainties feeing Weeks Trallers both overseas and in the UK During the period turnsver in the engineering division increased by 385 per cent largely due to the adstantial expert contract won he light towards the end of last year and to a further increase in the sale of Tongs "Carstaker" equipment

straints of involvement in the highly competitive and cyclical agricultural trailers market."

He says that the accelerating Trailers' losses were an "insupportable drain" on the group's cantly higher. The increase in other operations which would soon have threatened the viability of the entire group.

Losses incurred by trailers after the half-year end and up

ZETTERS GROUP PLC

EARNINGS PER SHARE UP 11% Year ended 31.3.83 £26.18m Profit before taxation£1.39m £1.31m Profit after taxation£656,927 Final dividend of 2.35p per share together with interim dividend paid in April making a total of 3.25p for the year.



Extracts from the Statement of the Chairman, Mr. Paul Zetter CRE. Pools: As from 17th November, 1984 we are increasing the minimum stake on our Treble Chance Pool. We confidently expect that this will result in higher payments to winners and an increase in turnover. At the same time we shall be re-introducing a free "LUCKY NUMBERS" competition on to our coupon which will give the chance to win a large cash prize.

Bingo: We are close to maximising the potential in existing Bingo clubs, so growth must come from expansion. Two new clubs have been acquired this year and others are still being sought. Also we now have our own Gaming Machine Operating Company. This is already proving to be a successful and profitable addition to the Group.

Today's Rate 11¼%

Earnings per share 10.02p

3i Term Deposits

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years, Interest pair half-yearly. Rates for deposits received not later than 2.11.84 are fixed for the

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LADBROKE INDEX Based on FT Index 865-869 (+3) Tel: 01-427 4411

FINANCIAL TIMES STOCK INDICES

										
]	Oct. 25	Oct. 25	Oct. 24	90£ 23	Oct.	Oct-	High 1	954 Low	Since Co High	ompilath Low
Government Sees.	80.58	80.63	80,52	80,50	79.07	79.93	85,77	76,72	127.4	49.18
Fixed Interest	84.39	84.29	84,49	84,30	84,09	84.06	87,48	80,43	150.4	50.53
(ndustrial Ord	678.2	870,0	866,2	867,2	855,\$	853,5	922,8	755.3	8,822	49.4
Gold Mines	544.8	551,6	555,9	842.4	549,5	544.4	711.7	488,7	734,7	48,5
FT-Act.All.Share	534,21	554.21	582,26	582.25	525,66	534.83	640,03	464,84	540.03	61.92
ET-85100	1150.6	1130.1	1195.4	1128.3	1115.4	1111.3	2146.0	986.9	1146.0	885.9

Who pioneered

The manufacturing and marketing of domestic double glazing in the UK was largely pioneered by Weatherseal Windows who remain a foremost manufacturer and innovator in the field. Weatherseal is just one of the

well known names in the London and Northern Group. Others equally famous in their fields include <u>Pauling</u> established in overseas civil engineering for over 100 years; Blackwell/Tractor Shovels, the leading UK heavy earthmoving operators; Edenhall, the UK's biggest producer of concrete facing bricks,

Steel Stockholders of Mossend, Lanarkshire, the largest steel profiler in the UK and possibly Europe, and now, United Medical Enterprises, a major force in world healthcare

Send for the latest Report and

Accounts to find out more about London and Northern, a Group with £227m turnover in 1983, which has increased or maintained its dividend for nineteen years-every year but one since going public in 1963. London and Northern Group PLC, Essex Hall, Essex Street, London WC2R 3TD. Tel: 01-836 9261.

.ONDON AND NORTHERN 參

Apricot leaves the others speechless.



Hello.

I'm an Apricot Portable. The computer you can talk to.

I'm a very good listener. I can understand more than four thousand words. And I'll learn to recognise any accent from Glasgow to Grosvenor Square.

I can respond to commands in TUTORIAL DISK set at home. foreign languages and even a personal code if it's hush hush.

Rather surprisingly for my size, I can run a medium sized business on my own.

My maximum memory is 1 MByte and I can store up to 720K on a 31/2" disk.

I tip the scales at just under 13 lbs. (Most of my rivals weigh in at two stones.)

So packed away in my slim, charcoal grey carrying

case I'll slip practically unnoticed onto the 6.30 with you.

> One of the reasons I'm so trim is my full sized flat screen. It's a bit like looking at a big digital watch.

My cordless keyboard and mouse work by infra red signals, the

way you probably operate your TV

What's a mouse?

It's a piece of gadgetry that lets you use the computer by simply pointing the mouse at the machine and moving around the ball control with your thumb.

Or you can use the desk to roll the ball if it's more comfortable.

Want to know more?

You get a free tutorial disk with every machine to demonstrate all my features.

It shows how words and pictures are

cleverly mixed on screen and explains everything you haven't gathered already.

You also get a powerful bundle of free software including a word processor, spreadsheet and diary.

Then when you've mastered those, you can choose from two thousand packages specially developed for Apricot, which will CARRYING CASE include Lotus 1-2-3.

> That'll make me do almost anything except sugar your tea. Give them time. They're

Please send me details of the Apricot Portable.

working on it. To: ACT (UK) Ltd., FREEPOST, Halesowen, West Midlands B63 IBR. Or Freefone Apricot via Operator. Position Company Address THE ANSWER IS AN

APRICOT PORTABLE FROM £1695 PLUS VAT NOT INCLUDING MOUSE

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES Stock
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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, October 26

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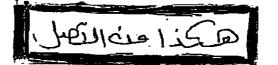
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WORLD STOCK MARKETS

OVER-THE-COUNTER Nasdag national market. Closing prices. October 26 CANADA BELGIUM/LUXEMBOURG AUSTRALIA HONG KONG								
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£2.3m hospital work for Fairclough

The Yorkshire Regional Health Authority has awarded FAIR-CLOUGH BUILDING'S eastern division at Leeds a £2.3m con-tract for a hospital building at Bradford's Royal Infirmary, The contract is for the construction of a two/three storey nuclous building linked to the main hospital and containing multi and single-bed wards, four operating theatres and treatment rooms. The nucleus block will be constructed using a reinforced-concrete frame, brick-clad walls and a pitched tile roof on steel trusses. Internal partitioning and finishes are included in the contract together with the installation of mechanical and elec-trical services. The building is due for handing over in the summer of 1986. Fairclough Building is part of AMEC, the international construction and

won contracts worth £8m. Work includes the construction of Viking House headquarters at Rudmore, Portsmouth. It is a five-storey office development and completion is scheduled for the end of next year. A fim continental ferry terminal building beaton, has contracts worth is being built for Portsmouth City Council and a start will be office and services will be built made at the beginning of next at Halifax for £70,000 and an

CONSTRUCTION CONTRACTS

Monk busy with £31m orders

MONK has been awarded a variety of contracts in both building and civil engineering work valued at over £31m. The largest is the construction of 2.5m of two-lane motorway and 1.1m of of side roads between Draffan and Wellburn at a cost of £8.16m for the Strathclyde Regional Council. At York, a contract for 5m of single carriageway including six roundabout junctions, two pedestrian underpasses and two bridges is being undertaken for North Yorkshire CC at a North Yorkshire CC at a

value of £4.71m.

Other roadworks include two contracts (worth £5.76m) placed by Dyfed CC for _____ main

month on a £2.8m project for extension of offices and factory, commonwealth Holiday Inns of together with hardstanding at Canada to provide additional bedroom accommodation and leisure room will be constructed at areas at the Holiday Inn, Slough.

Marcon Defence Systems has placed a £1.2m design and build Kirklees Library undertaken for contract for a laboratory/office block in Portsmouth, a shopping development at Guildford and a business centre at Chichester.

Contracts worth £3m have been awarded to LONDON AND NORTHERN GROUP companies. Wilsons (North East) has been awarded three contracts for Sedgefold District Council awarded three contracts for Sedgefield District Council valued at £1.27m. At Fishburn, County Durham, it will carry out two phases of revitalisation work on 83 dwellings in a contract worth £740,016. Other work involves the revitalisation of 18 flats and the renewal of floors at Newton Aycliffe, County Durham. Also in County Durham. international construction and engineering group.

WARINGS (CONTRACTORS) has won contracts worth 18m. Work

Work of the first council for £124,000 and construct 17 factory units at

> Alteration work to a school at Gilesgate, Durham, has been undertaken for Durham County Council for £138,000.

> Shildon in a £281,000 contract for English Industrial Estates.

£40,000. In the North West, Border

Engineering Contractors and its subsidiary, William Huddleston, have been awarded contracts worth £832,000. In Cumbria, Border Engineering will carry out a £149,043 contract for Allerdale District Council to

dale District Council to re-vitalise 50 houses at Salterbeck,

Workington, and a £78,889 contract to up-grade buildings at

Whitehaven to provide com-munity training facilities for West Cumbria Health Authority.

Specialist plasterers, JONA-THAN JAMES, of Rainham, Essex, has won one of its biggest

ever contracts for work at the International Conference Centre,

London, SW1. The £1.2m worth of work involves fitting out and plasterwork in five conference rooms and an auditorium at the centre. The contract, due for completion next September, has been placed by Bovis Construction management contractor or

Four housing contracts in the south of England together worth £5m have been assigned to JOHN MOWLEM & CO from Crouch Construction. At Bewbush, Crawley, West Sussex, Mowlem is completing 185 two, three and fourhedness houses. three and four-bedroom houses bungalows and flats under a £2.6m contract for Crawley Borough Council. Completion is due in September 1985. At Lower Buckland, Lymington, a fl.1m contract is being under-taken for New Forest District Council, comprising emstruction of 67 semi-detached and terraced 3 or 4 bedroomed houses and bungalows of tradi-tional construction. Completion is scheduled for June 1985. Nearby, at New Milton, Mowlem is undertaking a second contract for the same client, valued at 5450.000. Mowlem is to build 27 houses and bungalows together with 24 flats in two blocks, with with 24 Hats in two blocks, with completion in March 1985. A mixed development of 50 homes, partly flats and partly two-storey houses, is being undertaken, at Roffev, near Horsham, Valued at £870.000, it is for Horsham District Council. Completion is scheduled for 1995. been placed by Boyis Construc-tion, management contractor on the overall project for the Property Services Agency. Jonathan James will fabricate, supply and instal metal suspen-sion systems for acoustically-insulated cellings and wall

APPOINTMENTS

New directors at IDC

Mr Patrick Swann has been appointed a director of IDC CONSULTANTS and Mr John Wingfield has been appointed a director of IDC.

Ms Sazanna Hammond and Mr John Sazanna Hammond and Mr James Buil have been promoted to be joint deputy managing until the end of the year. Mr Bull, finance director for the past three years. She is to be deputy managing director (operations) and her new responsibilities will include strategic planning and new business across the group. She will also remain as head of the consumer division until the end of the year. Mr Bull, finance director for the past two years, and formerly

two years, and Touche Ross,

will have responsibility for both

Mr Mike Gibson has been appointed general manager. Personal Loans Division, at UNITED DOMINIONS TRUST, the finance house division of the Trustee Savings Banks Group.

Mr Stuart Garner, managing director of Protech International (UK) since 1971, is joining OCEANEERING INTER-NATIONAL SERVICES as execu-

deputy managing director tive chairman. Mr L. Amoroso (finance and administration) and manager of international opera manager of international operations, will serve as acting managing director pending the appointment of Mr Garner's

Mr Stnart Walsh is to be appointed as managing director of MSA (MANAGEMENT SCIENCE AMERICA) with responsibility for managing all sales, marketing, support and administrative departments in thet UK. Mr Walsh joined the company in 1978 and was appointed a director in 1983.

International Appointments

◆ Data General

International Marketing Opportunity

PARIS

DATA GENERAL is one of the world's leading minicomputer manufacturers an innovative organisation with a consistent and dramatic record of success. Worldwide, there are over 17.000 people contributing to this success and, at our European Headquarters in Paris, the Marketing Division is devising,

Europe, Africa and the Middle East. This team of marketing professionals is growing rapidly and we are currently seeking to recruit an INDUSTRIAL AUTOMATION MARKETING SPECIALIST

co-ordinating and implementing marketing programmes and strategies for all of

within our Technical Products Division. Industrial Automation means the application and integration of CAD, CAE, CAM and real-time systems. This position has responsibility for ensuring that marketing programmes are in place to maintain Data General's position as a leading computer supplier in this rapidly expanding market - applicants should therefore have a thorough understanding of these concepts and a minimum of

five years' related experience. As well as working closely with all of the European subsidiaries, you will also have contact with the Corporate Technical Products Marketing Division in Westboro, Massachusetts.

Candidates should possess a scientific degree or equivalent and a business studies qualification would be advantageous. Excellent communication skills, both oral and written, are essential - in English and preferably another language both oral and written, are essential - in English and preferably another language. (French and German would be ideal). In addition, you will also need to demonstrate negotiating skills together with a combination of business acumen and market awareness.

If you would like to be considered for this challenging position, please send your C.V. and salary details to Gina Richards, Data General Europe, Tour Manhattan - 5/6, Place de l'Iris

92095 Paris La Défense II, Cedex 21

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There is a vacancy for one lecturer to teach, research and publish in the field of corporate financial management/financial market theory. Committed young graduates in accounting and finance, in economics or in management science, and with some practical/reaching experience are encouraged to apply. A professionally qualified accountant with a strong research interest is also required. The accounting and finance group is led by Professor Stewart Hodges, and is part of the School of Industrial and Business Studies. It provides a wide range of opportunities for pure and applied research. The appointments will be made on the lecturer scale 17,190-14,125 pz. Good career prospects exist for those of high intellectual calibre. Starting dates are negotiable.

Ruther datails from The Registuer, University of Winnersk, Coventry

Further details from The Register, University of Wiewick, Coventry CV4 74L to whom applications including the passes of three referes; should be sent by 20th November 1964 quoting Reterence No. 13, A/Re, M

Contracts and Tenders

SYRIAN ARAB REPUBLIC

PUBLIC ESTABLISHMENT OF ELECTRICITY FINANCAL DIRECTORATE -EXTERNAL CONTRACT SECTION

Following our advertisement of the call of Tender No. 1540 for the extension of Bahias thermal power station by the addition of 2 x 160 MW units which is mentioned in the daily Official Bulletin No. 4777 dated 2nd May, 1984.

The closing date for presenting the offer is extended until Saturday, 12th January, 1985.

The General Director of Pee-Eng. R. Idriss

Company Notices

GREATER LONDON BILLS



European Investment Jank

NOTICE IS HEREBY GIVEN that the OTICE IS HEREBY GIVEN that the mount to become oue against coupon o. 11 dated September 27, 1984. on the above boxes is DM 135.803 or Loupon, or, in the case of coupons or coupons, or, in the case of coupons the U.S. dollar has been made, the U.S. dollar has purchased for the U.S. dollar has been made, the U.S. dollar has been made to be the U.S. dollar has been made to be used to b

THE COPENHAGEN COUNTY AUTHORITY

rd. Impount Outstanding: UA 16 705 000 THE FISCAL AGENT KREDIZTBANK SA LUXEMBOURGEOISE

NOTICE OF REDEMPTION EUROPEAN COAL AND STEEL COMMUNITY U.S \$40,000,000 94% NOTES of 1978 DUE 15th DECEMBER 1990

The Commission of the European Commit Les announces that a selection by lot of Notel for a mominal amount of U.S. \$4.000.000 has taken place on 18th October 1984 at The Bank of Tokyo Lusenbours S.A. The serial numbers of the Notes called of the Market of Tokyo of the Motes called the Motes and the Motes called the Motes called the Motes and the Motes and the Motes selected by the will be researched to the Motes selected by the Motes selected by the Motes selected by the Motes selected by the Motes and the Motes and

WORLD STOCK MARKETS

OVER-THE-COUNTER

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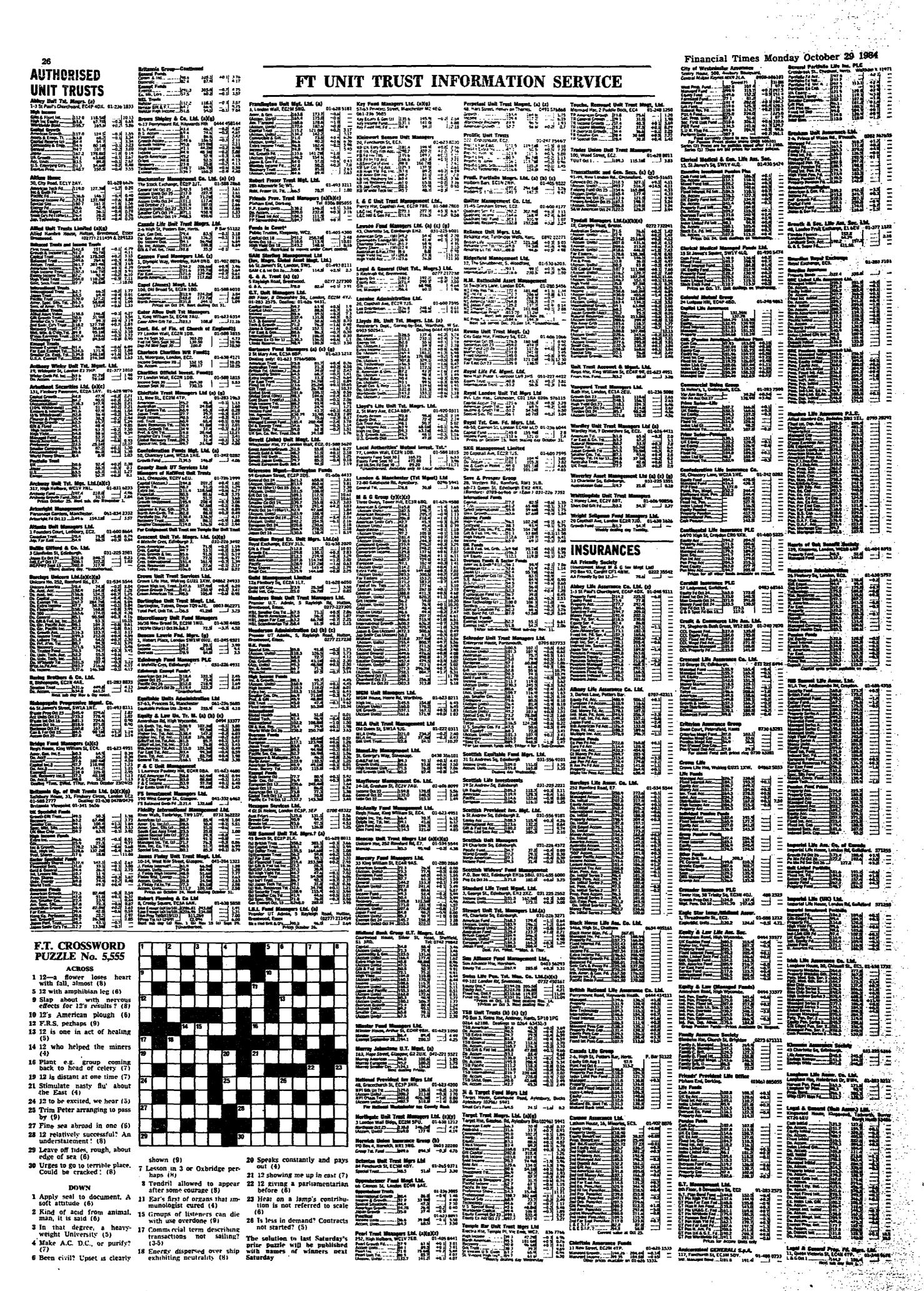


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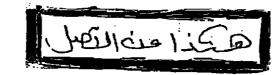
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Apr. SeptSlebe	Feb Aug Assoc. Rens 393 16.7 12.0 2.7 4.411.3	Jan. Aug Messina RB.50 160 4.7 4908c 8.5 2.5 4.8	Agril New Deriver Court.50p 330 4.4 1.75 1.0 1	SPict, Pet. E1	Wiscatter Res
Oct. Mary Sorke, Lane 200	Lear What many was many to the same of the	May Nov. Triger 0ats R1	Dec	May Feb Southwest Res. 40p 56	Wyork Resources 13 - - - - Tins 295 26.3 100.5 1.0 1.1.4 Instruction 1.0 1.0 1.0 1.0 1.0 Instruction 1.0 1.0 1.0 Instruction 1.0 Instr
Oct. May Stap Furniture	Dct. Apr.ls. Pool D. Post Sop. 208 1.10 120.8 2.0 7.4 9.8 Oct. Aprildetal Bulletin 10p 165 3.9 16.6 1.7 57.14.4 Appust PMorgan Comms. Sp. 81 16.7 dp. 18524.3 3.3 18.0 Apr Novitievs Int. Sper. Div. 489 1.10 8.44 0 2.5 0 May Corticopes Publishing 455 1.10 19.8 4.4 1.875.9 Jol. Dec. Portsorth & Sund 160 18.6 4.0 3.1 3.6 18.0 Nov. June United Sper. Div. 489 1.10 13.0 18.6 6.2 2.5 Nov. June United Sper. Div. 300 1.10 13.0 18.6 6.2 2.5 Dec. June Websters Grp. Sp. 95 30.4 3.1 3.1 3.1 4.71 1.3	Sept Dayson init Sept Dayson	December Rollicon NY Fill	OVERSEAS TRADERS May African Lakes	Mary Pengalan 109
Feb. Aug. Sartelifie Speak	ADVERTISING May Akdoom ing 10p 80 77.2 90.8 2.8 1.437.9 July Feb Assoc Paper 156 14.5 14.7 2.4 3.812.8 Oct. Apr Aurit & Wildong 134 79.3 90.5 2.9 378.11 Boy May Bernros: 166 17.0 17.0 1.8 9.87.9 May May Bernros: 165 17.0 17.0 1.8 9.87.9 May May Bernros: 165 17.0 17.0 1.8 9.87.9	Det. Mari Do. W 20p	Apr. Oct.Sec. Atlante 192 486 1779 25 139 1 10 53 July Decisionwise 178 182 145 137 1 10 53 July April Shree 188 50p 212 10-7 11.8 10 8.0 Dec. June Smaller Cas for Tex. 61 145 14.5 10.5 0, 9 3.7 Dec. June Spt. 17 Inc. 100 256 14-5 17.76 1.0 11.2	Aug. Dec. H'ris'ss. Cros. 61	
May Sciel Tod (W. 6.J.) 59 172813.10 92.5 \$ 2.1 \$ 4.7 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0	Feb	— Pairro 6rosp	- Oc. Com. Pig. Perl. 225 - 69% - 7.2 Dec. July Stendart Em. fire 10m. 36 4.6 May Shadders Far Ext \$1. 172 9.4 Jan. July Emcholoders 1am. 115 4.6 Fh. Bly, Ag. Riv. TR City of London Tst. 73m 15.10 Dec. July TR Marshall Treet. 73m 15.10 Dec. July TR Marshall Resources 230 4.6 Jan. July TR Waters Resources 270 18.6 Jan. July TR Waters America 270 18.6 Jan. July TR Waters America 270 18.6 Jan. July TR Waters America 270 18.6 Jan. July TR Waters 270 18.6 Jan. July TR Waters 270 18.6 Jan. July TR Waters 270 18.6 Zhalis 5.10 2.9 Zhalis 5.10 2.0 Zhalis 5.10 2.0 Jan. July TR Waters 270 18.6 Zhalis 5.10 2.0 Zhalis 5.10 2.0 Jan. July TR Waters 270 18.6 Zhalis 5.10 2.0	Feb. Assign: 410gs. 27/ 13.51 1.04.1 0.36628 1.04.1 0.04.1 0.04.1	100 100
MayTurner & New. £1	July Eucalyntus 450 45.5 4.9 6.1.5 6.0	Mar	Mar. Cir.Temple Bar. 79 13-8 M.13 1.0 16-3 April Hev.Thron, Grouth 28 1.10 3.0 \$\phi\$ 11-3 De. Cap. 11 256 0 \$\phi\$ 11-3 De. Warriaris 52 0 Mar NovTor, Innest. Inc. 176 17-9 11-5 \$\phi\$ 0.6 Mar NovTor, Cosanic. 146 9.4 U.0.0 0.9 2-9	Nov. MayHighlands NSOc 98 9.4 1401750 0.9 6.5 2 Apr Nov. Kosta Konno MS1 90 27 2 4015-1 0.9 5.4 4	intess otherwise indicated, prices and net dividents are in peace and enterinations are \$50, Estimated procedurings ratios and covers are seed on latest armual reports and accounts and, where possible, are possed on the same are provided on the same are processed on the same are possed on the same are possed on the same are same are same as a same as a same are same as a same as
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May Get Whiteman R. Angel 345 1.30 77.8 5.8 1.318.0	Apr. Scot Santchi 10p	July NovBAT inds. 268 1.10 18.25 4.0 4.4 6.1 June Dec 00 12 prio 2033-53 4167 prio 2012 4 4 6.1	Finance, Land, etc Paid Stack Last Bir Yid	Central Rand	or ranking only for restricted dividend.
		Investment Trusts 155 14.5 1.0 4.4 1.0 4.5 1.0 4	December Authority Inv. 20p. 1996 1275 4.4 1.1 7.716.7 Aug Non Barlow Hilds; 10p. 22 1.10 4.4 1.1 7.716.7 August Barrie In & Fin 21.9. 1272 B. 22.9 B.	May Nov Bracker 90. 170 1.10 0.58c 16.8	Consertants not allow for sharts which may also read for dividend at, a future data. No PTE ratio usually provided. Bit per value. Bit per value. Property of the per value of the per value of the per value. Bit per value. Property of the per value of the p
Fe His Au Holdinate's Alixante's 19 27,4(251.80) 4.9 Apr Oct Do. 11pc Cov. 5100 54(2)us 15.30 (211% July Millar Verv. 19850 (2985) 12 7 (205 1.3 May Se Defanterican Gen Corp. (224) 13.2 (1825.7c 0.9 May Sept. Berkannic So		Aug. Mar Augus Am. Secs. 254 76.7 5.35 1.0 2.9 Sept. Augus Anglos Am. Secs. 256 76.7 1.0 1.0 June De Jacque Sec. 180 180 1.0 1.7 1.0 1.0 Aug. Feb Augus Secs. 180 180 1.0 1.7 1.0 1.0 Dec. Jump Augus Secs. 180 1.0 1.0 1.0 Dec. Jump Augus Secs. 180 1.7 1.0 1.0 January Augus Secs. 180 1.7 1.0 1.0 January August Secs. 180 1.7 1.0 1.0 January August Secs. 180 1.7 1.0 1.0 Rowenby August August 1.0 1.0 1.0 1.0 Rowenby August 1.0 1.0 1.0 1.0 1.0 Rowenby August 1.0 1.0 1.0 1.0 1.0 Rowenby August 1.0 1.0 1.0 1.0 1.0 1.0 Rowenby August 1.0 1.0 1.0 1.0 1.0 1.0 Aug. 1.0 1.0 1.0 1.0 1.0 Aug. 1.0 1.0 1.0 1.0 Aug. 1.0 1.0 1.0 1.0 Aug. 1.0 Aug. 1.0 1.0 Aug. 1.0 1.0 Aug. 1.0 1.0 Aug. 1.0 Aug. 1.0 1.0 Aug. 1.0	Jan Scottle Everty Fin. 10p	September Wit. Nigel 25c S284 0 1.0 Q382c \$\phi\$ 6.4 \$\phi\$ September Wit. Nigel 25c S	REGIONAL & IRISH STOCKS The following is a selection of Regional and Irish stocks, the latter below
Dec	Dec. Calley Charles	November Saille Effort Leat. 339 2.10 0 4 13 0.2	July Henderson Adm (5) 458 18.6 10.0 4.7 3.2 9.4 April Find Fn. & Im. Co. 20 3.9 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.9 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.9 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.9 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.0 4.4 4 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.0 4.7 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.6 7.7 April Fn. & Im. Co. 20 3.0 4.8 3.	Feb. Ang. It Statistics 1 10c	Barry Inv 20p. S2off Arrest 195 195 196
Dec.	Apr. Oct. Cristvelecial 20p. 223 13.8 6.12 2.0 3.817.1 Dec. Juny Dec Chester-feld 640 4.6 9.25 1.0 3.877.2 Dec. Juny Cherche'ry Est 685 18.6 18.5 1.2 3.831.5 Feb. Dec CALA Sop 586 25.3 716.5 9 4.2 9 November Compto Hidgs 20p 568 26.3 3.9 4.3 4.4 1.91.6 November Compto Hidgs 20p 568 26.3 3.9 4.3 4.4 1.91.6 Jam July Control Secs. 10p 40 13.8 3.15 1.5 1.127.4 Apr. Oct. Crary New T. 10p 100 13.8 1.25 2.1 1.831.4 Apr. Oct. Crary New T. 10p 100 13.8 1.25 2.1 1.831.4 Apr. Oct. Crary New T. 10p 700 715 715 715 715 Apr. Oct. Control Prop. 715 715 715 715 715 715 Apr. Oct. Control Prop. 715 715 715 715 715 715 Apr. Oct. Control Prop. 715 715 715 715 715 Apr. Oct. Control Prop. 715	San Jame Bo Car / Apr 253	November Kasalan 109 19 17.9 11.1 18 8.3 10.1 19 17.9 11.1 18 8.3 10.1 19 17.9 11.1 18 8.3 10.1 19 17.9 19.1	Mar. Sept.Free State Dec. 50c. 700 30.7 Q55cl. 1.1 — Joss. Dec.Fr.S Geshalf 50c. 825l. 124.5 Q36.5c ♦ 7.4 Mary Host Harmony 50c. 513l. 10.10 Q215cl. 1.6 6.7 November Loraline R1. 225 91.45 Q35.0c ♦ 6.3 6.7 Jun. Dec.Pres. Steps 50c. 524 124.5 Q35.0c ♦ 6.3 6.7 Aug. Feb.St. Helesa R1. 527 2.7 104.60 cl. 3 ‡ Maty How Unised 773 1.10 Q101.c ♦ 6.4 6.4 Jun. Dec.Wi-Holdings 50c. 727 14.5 Q146.c ♦ 10.5 8 Sept. Maty Local Williams 727 14.5 Q166.c ♦ 10.3 8	OPTIONS — 3-month call rates Illed-Lyons
LEISURE	September 1995 Sept	Mon. Sept for Mon. 178 18	December Grant Lutts	Finance	Doyde Bank 58 Doyde Bank
Mar. Hos Compan Inf. 200 2800530 1.0 6.0 1.0 6.0 1.0 6.24 4213.9 1.0 6.24 4213.9 1.0 6.24 4213.9 1.0 6.25 1.0 6.	Jun. Nov. 1911 Cand	May Dec Devision Tess. 283 241 255 1.0 4.7 Apr	September Unit Camp & Trob 500 117 So 7 51.25 1.8 1.551.0 Mar Dec Unit Storold Im. 64 17.9 1.36 1.0 3.146.7 Per Circletton Im. 50 26 27.2 0.35 7.1 1.9 7.7 Nov Mary + Yorkspen 109 26 27.2 0.35 7.1 1.9 7.7 Apr. Aug / Yorkspen 109 185 1.10 15.9 4.0 4.202.0 Collaboration of the Collabo	Color May Control April Color April April Color April Apri	NFC
Feb.	Apr. Dec Lon Shop Prop. 131 17 9 6 6 1 8 5.7079	Feb. Aug Lett & Com. 203 18.7 31.9 12.1 9 9 9 9 9 9 9 9 9	Stam Oil Fids, 20g 18	Diamond and Platinum Boy. Maylangie-Am. Ins 50c	"Recent Issues" and "Rights" Page 16 his service is available to every Company deatt in on Stack Trianges throughout the United Kingdom for a fee of £700 per amount for each security.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Fear of another false dawn

THE DOLLAR lost ground on the foreign exchanges last week, but sterling performed better. Lower U.S. interest rates and the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the state of the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing of the warnings by Dr Henry Kaufm of Salomon Brothers about the next testing the next te the continual threat of intervention by the German Bundesbank fidence in the dollar at present, were the major factors depressas U.S. economic expansion
ing the dollar and at one time
the U.S. currency tested the
lower side of the DM 3.00 level.
will be really convinced the Dealers feared a selling order dollar is set on a genuine down-for dollars on Thursday could be ward path until the trend is traced to the German central much more firmly established

of intervention was very small, but was certainly enough to create the desired effect and led one major bank to comment upon "the Bundesbank's masterly timing."

The market was not ready to see the dollar so low however, and it soon returned above

ward path until the trend is bank and a certain amount of panic set in, pushing the U.S. move is followed by a period of currency down to DM 2.9950. If short covering amid talk of yet it was the Bundesbank the scale of intervention was very small, but was certainly enough to

POUND SPOT-FORWARD AGAINST POUND

	Day's			%	Three	~~
Oct 26	spread	Close	One month	p.a.		p.a.
u.s.	1.2150-1.2240	1,2210-1,2220	0.10-0.07c pm		0.10-0.06 pm	
Canade	1.8050-1.8090	1,9080-1.6090	0.17-0.25c dls		0.44-0.57dis	-1.28
Nethind.	4.164-4.204	4.184-4.194	17e-112c pm		43 ₄ -43 ₈ pm	4.36
Belglum	74.61-75.10	74.25-74.95	par-5 dis	-0.40	4-13 dis	-0.45
Denmark	13.351-13.3912	13.381-13.3917	¹ zore pm-4 dis		2'_3', dis	-0.93
ireland	1.9162-1.2019	1.1998-1.2008	0.13-0.29p dis	-2.10	0 65-0.89dis	-2,57
W. Ger.	3.684-3.774	3.70-3.71	17a-17a0f pm	5_45	41 ₂ -41 ₆ pm	4,58
Portugal	197.70-199.70	197.70-199.10	160-495c dis			-18.70
Spain	207.50-208.20	208.00-208,20	30-60c dis		130-185 dis	-3'03
Itely	2.291-2.3042	2,30312-2,30412	8-11 re dis	-4.95	28-32 dis	-5,21
Norway	10.72-10.76	10.73-10.74	17-23 ore dis	-2.59	57 ₈ -67 ₆ dis	-2.37
France	11.33-11.4212	11.4011.41-	4c pm-4 dis	-0.26	4-14 dis	-0.35
Sweden	10.52-10.55	10.54-10.55	14-24 are dis	-2.20	51,-6% dis	-2.25
Japan	2984-30012	299 30012	1.19-1.07y pm	4.52	3.22-3.07 pm	4,19
Austria	25.90-26.05	25.99-26.04	81-7gro pm	3.55	203-17 pm	2,87
Switz.	3.021-3.044	3.033-3.043	11-11-c pm	5.92	41-37, pm	5.26
		for convertible	france. Financia	i tranc	75.60-75.75.	

Six-month forward dollar 0.10-0.15c dis. 12-month 0.55-0.70c dis

OTHER CURRENCIES

			1	3		
Oct. 26	ε	5	·	Note Rates		
Argentina Peso	132,98-133,20		Austria	25,90-26,20		
Australia Dollar	1.4375 1.4395	1,1795-1,1800	Belgium	75,05-75.80		
Brazil Cruzetro	3.095-3.114	2,534-2,547	Denmark	13,29 13.48		
Finland Markka	7,7105-7,7290		France	11.30-11.42		
Greek Drachma .	149.26 153.00	122,19-125,29	Germany	3,68-3,71		
Hong Kong Dollar	9,5390 9.5500	7,8170-7,8200	Italy	2280-2310		
Iran Riai	112.30*	92.50°	Japan,	287 202		
Kuwalt Dinar(KD)	0.36675-0.36720	0,30050 0,30060	Netherlands	4.16-4.20		
Luxembourg Fr.	} 74.85-74.95 __		Norway			
Malaysia Dollar	2.9230-2.9380	2,3950-2,4050	Portugal	192.219		
New Zealand Dir.	2,4960 2,5010	2,0445 2,0475	Spain	204-2144 10.47-10.58		
Saudi Arab, Riyal	4,3435-4.3505	3,5590 3,5606	Sweden			
Singapore Dollar	2.6380 2.6440	. 2.1615 2.1630	Switzenang	3.01 12 3.041		
Sth African Rand	2.1912-2.1998	1,8050 1,8085	United States	1,21-1,25		
U.A.E. Dirham	4,4815 4,4865	3,6720-3,6730	Yugoslavia	243-258		
* Selling rate.						

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central ratas	Currency amounts against Ecu October 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44,9008	45.0472	+0.33	+0.54	±1.5428
Danish Krone	E.14104	8.05517	-1.07	−0.84	±1.8421
German D-Mark	2.24184	2 22934	-0.56	-0,35	±1.1463
French Franc	6.87456	6.84202	-0.47	-0.26	±1.3659
Dutch Gullder	2.52595	2.51492	-0.44	-0.23	<u>+</u> 1.5165
Irish Punt	0.72569	0.722105	-0.49	-0.28	± 1.6671
Italian Lira	1403.49	1384.88	-1.33	-1.33	<u>≠</u> 4.0511
Changes	are for	Ecu, therefore	positive ci	ange denotes	8

weekly M1 money supply at warnings by Dr Henry Kaufma

of Salomon Brothers about higher interest rates. If the market now finds th Federal funds target range nearer 10 per cent than 9 per cent it will be disappointe leading to weakness in both the cash and futures markets. London was displaying a little

of this uncertainty on Friday when interbank rates firme interbank move is followed by a period of slightly, but overall the situation short covering amid talk of yet seems to have improved, helpe the foreign exchanges

10.00 11.00 Nooi 1.00	am am pm	75.0 75.0 75.0 75.0	74.9 74.9 75.2 75.1 75.1
3.00 4.00	pm pm York ra	75.1 75.1	75.0 75.2
		ct. 26	Prev. close
1 mo	nth 0.09 0	0, mg 80.0 0. mg 20.0	1,2250-1,22 10-0,09 pm 10-0,08 pm ,45-0,55 dia
	·	. ~ : —	counts appl

to the U.S. dollar

(Bank of England)

Oct 26

FORWARD	RATES	AGAIR	NST S	LEKTIL	16
Mork Mork ench Franc wiss Franc paneae Yen	3.7050 11.41 3.0425	1 month 1.2297 3.6885 11.4124 3.0268 298.67	3 month 1.2207 3.6621 11.4215 3.0024 296.85	6 month 1.2228 3.5247 11.4737 2.9662 294.15	12 month 1.2278 3.5473 11.5602 2.8880 288.82

BANK OF ENGLAND TREASURY BILL TENDER

	Oct. 26	Oct. 19		Oct. 26	Oct. 19
Total of			Top Accepted rate of discount. Average rate of discount Average yield 'Amount on offer at next tender	9.8771% 10.12%	10.876 ‡ 10.0620 ‡ 10.32 } £100m

DOLLAR SPOT-FORWARD AGAINST DOLLAR

	Uay s			76	1,000	74
Oct 25	spread	Close	One month	p.a.	months	p.a.
UKT	1.2150-1.2240	1.2210-1.2220	0.10-0.07c pm	0.83	0.10-0.06 pm	0.2
Irelandf	1.0170-1.0225	1.0185-1.0195	0.28-0.23c pm	3.00	0.75-0.65 pm	2.7
Canada	1.3148-1.3178	1.3170-1.3175	0.23-0.28c dis	-2.23	D_77-0.83dis	-24
Nethind.	3.4150-3.4330	3.4320-3.4330	1.15-1.12c pm	3.99	3.51-3.48 pm	4.05
Belgium	61.13-61.40	61.30-61.40	5-6c dis	-1.08	10-13 dis	-0.7
Denmark	10.94-10.97	10.95%-10.96%	1ora dig-چا	-0.82	214-214 dis	-0.91
W. Ger.	3.0210-3.0510	3.0270-3.0280	1.11-1.06pf pm	4,29	3.32-3.27 pm	4.34
Portugai	1624-1634	1624-1634	160-400c dis	-20.28	400-1160ds ·	- 19.0
Spein	169.85-170.40	170.00-170.40	40-50c dis	-3.17	125-145 dis	-3.17
Italy	1,880-1,886	1,885-1,886	8.90-9.30lire dis	-0.64	25.0-25.75ds	-0.63
Norway	8.7812-8.80	8.784-8.784	2.20-2.70ore dis	-3.34	5.90-8.40dis	-2.80
France	9 <i>.27</i> 1 ₇ -9.36	9.321-9.331	0.40-0.60c dis	-0.64	1.40-1,80dis	-0.69
Sweden	8.61¼-8.64	8.63-8.6312	1,35-1.85ore dis	-2.22	4.10-4.60dis	-2.01
Japan	244.90-245.75	245.70-245.80	0.78-0,74y pm	3.71	2.46-2.41 pm	3.97
Austria	21,15-21.35	21.30-21.35	5-49 ₋ gro pm	2.69	144121 ₂ pm	2.5
Switz.	2_4800-2,5000	2.4866-2.4875	1.10-1.04c pm	5.16	3.10-3.04 pm	4.50
		re quoted in U the U.S. dolla	S. currency. For		pramiuma an dual curranc	

Belgian rate is for convertible franc. Financial franc 61.90-62.00.

CURRENCY RATES CURRENCY MOVEMENTS rni Special European ste rawing Currency Rights Unit

Morgan Guaranty changes: averag

(base average 1975-100).

	Stering	-	1,010208	0,602099
	U.S. 8	9		0.735464
	Canadian 8.	12.11	•	0.968018
	Austria Sch	412	. D.B.	15.6874
	Belgian Fr .	11	61.1282	45.0472
	Danish Kr	7		8.05517
	Dmark	412	3.02382	2,22934
	Guilder	5 -	3.41124	2.51492
	French Fr	912		6.84202
	Lira	1610		1384.68
	Yen	5		180,446
	Norwan Kr.,		8.76108	5.46289
	Spanish Pta.		169,639	
	Swedish Kr.		8 88965	6.35000
	Swiss Fr	4	2.48280	
8	Greek Drich			
×	Irish Punt		0.978605	
~				
	* CS/SDR :	rete fo	r Oct 25:	1.31256.

weak currency. Adjustment calculated by Financial Times. **EXCHANGE CROSS RATES**

Oat 26	Pound St'rling	U.S. Dollar	Deutsche r	n'k J'panese	Yen; FrenchFranc	Swiss Frenc	Datch Guild	Italian Ura	Canada Dollar	Belgian Fran
Pound Starling U.S. Dollar	0,819	1.222	3.705 3.028	300.0 245,4		3.043 2,487	4,188 3,435	2304. 1886.	1,609 1,517	74.90 61,35
Deutschemark	0.270	0.330	1	80,97	8,090	0.821	1,130	621.9	0,434	20.22
Japanese Yen 1,000	3.383	4.072	12.36	1000,	36,03	10.14	15,96	7660.	5,562	249.7
French Franc 10	0.876	1.071	3,247	262.9		2.667	3.670	2019.	1.410	65,64
Swiss Franc	0.829	0.401	1,218	98.60		1.	1,376	757.3	0.589	24,62
Dutch Guilder Italian Lira 1,000	0.239 0.434	0.292 0.530	0.865 1.608	71,64 130.2		0.727 1.321	1.817	660.2 1000,	0.384 0.698	17,89 32,51
Canadian Dollar	0,622	0,759	2.303	186.5		1.892	2,603	1432	1.	46,57
Belgian Franc 100	1,335	1,631	4,947	400.5		4.062	5,591	3076	2.148	100,

EURO-CURRENCY INTEREST RATES (Market closing rates)

Oct. 26	Sterling	U.S. Dollar	Canadian Poliar	Dutch Guilder	Swise Franc	D-mark	French Franc	Italian Lira	Beigia Conv.	ranc Fin.	Yen	Danish Krone
Short term	105g 1034 10 g 104 101g 105g 101g 105g	9 to	1356-1278 124-1253 1113-12 1113-1114 1156-1113 1156-1113	5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	48-58 12-58 459-434 515-516 515-516 418-516	56 56 56 56 56 56 56 56 56 56 56 56 56 5	101g-103g 101g-103g 105g-103g 107g-111g 115g-113g 12-121g	15 4-164 144-164 154-163 154-153 154-157 1512-157 1518-1618	11-1112 1114-1134 1114-1134 1114-1134 1114-1134 11-1112	II 114 107g-111g 107g-111g 107g-111g 11-1114 11-1114	64-6 13 64-6 13 613-613 613-613 614-613	105g-114 105g-114 1054-114 114-115 114-12

Asian \$ (closing rates in Singapore): Short-term 9%-9% per cent; seven days 9%-91% per cent; one month 91%-91%, per cent; three months 11%-10% per cent; six months 10%-10% per cent; one year 101%-11% per cent; tour years 12%-12% per cent; three years 12-12% per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London reacts to lower U.S. rates

fall in the Federal funds rate at the beginning of the week, but the situation was distorted by the end of reporting period for banks, culminating in a fall to banks, chiminating in a tan to 5 per cent in the rate on Wed-nesday. This was make-up day for the banks, and there was little significance in this very low figure.

More important was the drain-

ing of funds from the banking system by the U.S. authorities on Thursday. This was the first time the Federal Reserve had intervened in such a way on the first day of a reporting period since February.

since February.

It merely steadled the market, leaving the Federal funds rate at 9; per cent, and tending to confirm market supicions that the official target level is around 9-91 per cent. Not long ago the target level was up to 11 per cent, but since then there have been signs of a slow down in U.S. economic growth. This was

FT LONDON INTERBANK FIXING

(11,00 a.m. Octob 3 months L	
bid 10 1/8	offer 10 1/4
8 months V	J.S. dollars
bld 109/16	offer 10 H/16

The fixing rates are the arithmotic means, rounded to the nearest one-sixteenth of the bid and effered rates for \$10m quoted by the merket to five reference banks at 11 am each working day. The banks are National Westminster Bank. Banks of Tokyo. Deutsche Bank. Banque Nationale de Parls and Morgan Guaranty Trust.

LONDON MONEY RATES

Sentiment improved on the London money market last week, with longer term rates showing the greatest downward move. This was generally the result of events in the U.S., where the Federal funds rate traded consistently below 10 per cent. Conditions were rather confused in New York. The Federal Reserve made little effort to restrain the fall in the Federal funds rate rates against other major of the ground tost the previous was confusing, but on between the coal board and miners' leaders have not proposed strike pound. The special meeting in Geneva of the gressed very far, but the major of the proposed strike by pit deputies, has been removed.

With the energy situation rates than lower oil prices, while Norway now some of the ground tost the previous week against other major of the proposed strike by pit deputies, has been removed.

With the energy situation rates declining the pound has at currencies. The oil price situation between the coal board and out of the spotlight.

MONEY RATES

Oct. 26	Frankfurt	Peris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight One month Two months Three months Six months Lombard Intervention	6.80-5.90 6.00-6.10 5.95-6.10 5.5	111 10% 10½ 10¼ 10¼ 10¼ 10¾ 10¼ 10¾	34-114 418-516 514-536	51g-55g 51g-57g 5-81g 6-81g 51g-51g	6,34375 6,26125 6,34376	1678-1714 1624-1718 1775-1714 —	12.00 107g-111g 107g-111g 107g-111g	1256-1256 1234-13 13-1314 13-13-13-14 13-13-13-14 13-13-13-16

LOIDON I				_	SCOUNT	nouses	nehne	ic and	Dill H	tates
Oct. 25 (Sterling Certificate of deposit	interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Sank (Sell)	Fine Trade (Buy)
Overnight 2 days notice	=	94-12	101q-1034 101q-105g	94-11	812-1014	=	=	=	=	 -
7 days or 7 days notice One month I wo months	10% 10% 10% 10% 10% 10%	10% 11 10% 10% 10½ 10% 10½ 10%	10% 10% 10%	10 ⁵ 4-11 10 ⁷ 4-10 ⁷ 6 10 ³ 4 10 ³ 4	10½ 10½ 10½ 10½	10% 10% 10%	10# 10% 9%	10% 10% 9%	1044 1046 1046	11 1011

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	\$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	111g 107g	-	1012	8.65 8.75	85g-87g	934.93
Two months	11-103 ₄	_	106a	9.76-8.85	81t 81t	9 7 95
Three months	11 103	_ _	105a	9.8-10.6	813.91	9,8.95
Six months	105g 108g	_	10%	10,4-10,5 (916 916	984.044
Nine months	107a 105a	-	1058	19,5-10.4	-10-10	1 '8
One year		_	105	10.5-10.7	양동·의남	10-10-1
Two years	1	107a	} ==== {		-10 -10	
Three years		1114		i I	_	I =
Four years	! - !	116	اسدا	! –	_	ı <u> </u>
Flun veste	, _ ,	7710	1 _ 1	_ 1		, –

	<u> </u>
MONEY RATES	
NEW YORK (4 pm)	ļ
Prime rate Broker loan rate Fed funds No Fed intervention	12-124 104-114 9½ (—)
Treasury Bills	i
One month	8.75 8.85

STERLING EXCHANGE RATE | LONDON Closo High Low Prev 112.90 112.95 112.60 112.95 113.00 — 713.05 — 103.60 Doc 112.90 112.95 112.60 1
March 112.00 12.95 112.60 1
June - 1
Est. volume 148 (254)
Previous day's open int. 731 (813) Clase High 89.36 82 49 85.94 89 08 88.55 88 72 88.17 88.21 29 35 88 92 88 55 88 17 U.S. TREASURY BONDS 8", \$100.000 32nds of 10 Dec 87 88 — Est. volume 7.687 (4,285) Previous day's open int. 9, †Repriced Close High Low Pre
Doc 69-24 70-06 69-22 70-2
March 59-62 — 70-0
Est. volume 1,595 (1,204)
Previous day's open int, 1,546 (2,028) int. 9,903 (9,929) THREE-MONTH STERLING Close High Law 39.75 89.85 89.72 89.75 89.84 89.73 89.53 89.60 89.52 89.32 89.40 89.30 CHICAGO U.S. TREASURY BONDS (CBT) 8's \$100,000 32nds of 100". Dec" — — Est. volume 1,637 (1,529) Previous day's open int. 5.686 (5,706) *E500,000 points of 100". U.S. TREASURY BILL (IMM) 51m points of 100% STERLING £25,000 S per £ CERT. DEPOSIT (IMM) \$1m points of 100% High Low Prev 89.81 89.70 89.83 89.37 89.24 89.52 88.96 88.81 89.13 Est, volume 309 (131) Previous day's open is 89.42 89.99 89.60 88.25 87.84 87.55 June — 0.4
Est. volums nil (nil)
Previous day's open int 404 (402)
JAPANESE YEN Y12.5m 5 per Y100

	Oct. 26	change		Oct. 26	ohange
LONDON Sase rates	1012	Heeb 'd	NEW YORK Prime rates	12-12%	_12
day interbank	10.2		Federal funds	912	
mth Interbank	10-4	المراجا	3 Mth. Treasury Bills	9.31	+0.26
reasury Bill Tender	9.8771	1-0.1849	6 Mth. Treasury Bills	9.53	-0,07
	104	Unch'd	3 Mth. CD	9.85	-0.15
land 2 Bills land 3 Bills	10%	lineh'd	FRANKFURT	i	
Mit. Treasury Bills		-34	Lombard	5.60	Unch 'd
Mth. Bank Bills	i103 ₈	+ 3.	One Mth. Interbank Three month	5,85 6.05	[Unch' d
Mth. Sank Bills	: 83	i−#5		0.00	Onchi-
токуо	i	. !	PARIS	11	Unch 'd
ne month Bills	6,28125	+ 9,2257	Intervention Rate One Mth. Interbank	10.2	-4e
Three month Bills	6,34375	Unch'd	Three month	104	-3
RUSSELS	i		MILAN		
one month '	11	ı+ ∓ ,	One month	174	Unch'd
Three month	[11		Three month	17.5	Unch d
MSTERDAM	!	: :	DUBLIN	•	' '
ne month	:5 :3	1—2e ;	One month	127g	+ 19
Three month	,6 ₁₈	:⊸√e ¦	hree month	134	3ã

STOCK

Forward trading extended to nine months The Basle Stock Exchange has today (Monday, 29 October, 1984) extended the contract terms for forward transactions, making it possible to trade shares as much as nine months forward.

From this date, forward transactions may be contracted for payment and delivery on a fixed cycle of settlement days, on each quarter, falling in January, April, July and October.

It will still be possible to trade securities forward for settlement at the end of the current month, the next month or the month after that. The maximum possible contract life for a forward transaction will be nine months but, depending on the month in which the deal is made, the maximum length will vary between seven and nine months. Today's "contango" trading will be adapted to fit the same settlement cycles. The longer forward transactions will follow the same procedures as the current one-to-three-month trades.

Further information may be obtained from any of the banks with Stock Exchange licence which are listed here:

AMRO BANK AND FINANCE Tel, 061 23 32 00 BANCA DELLA SVIZZERA ITALIANA

BANK CIAL (SWITZERLAND) CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE Tel. 081 25 80 33.

BANK HEUSSER & CO. LTD. Tel. 061 65 01 11 BANK ROHNER LTD.

BANQUE CANTONALE DE BALE Tel, 061 25 80 80 BANQUE HYPOTHECAIRE DE BALE CAMPAGNE Tel. 081 22 15 55

SANQUE NATIONALE DE PARIS (SWITZERLAND) LTD. Tel. 061 22 56 00 CREDIT SUISSE

CO-OPERATIVE CENTRAL BANK LTD... Tel, 061 23 84 00 DREYFUS SONS & CO. LTD.

SHINGER & CO. LTD. BANK E. GUTZWILLER & CIE, SANKERS Tel. 981 23 88 33

LA ROCHE & CO., BANKERS Tel. 081 22 15 00 A. SARÁSIN & CIE, BANKERS Tel. 081 23 00 58 SWISS BANK CORPORATION

Tel. 061 20 20 20 SWISS DEPOSIT & CREDITBANK SWISS VOLKSBANK UNION BANK OF SWITZERLAND Tel. 061 65 33 33

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30 -September

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CHAMBER OF THE BASLE STOCK EXCHANGE STOCK EXCHANGES INTELLIGENCE LTD. P.O. Box 244/CH-4001 Basle, Switzerland

Tel: 061/25 11 50



Transvaal Consolidated Land and Exploration Company, Limited

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

PROFIT STATEMENT, BALANCE SHEET AND FINAL DIVIDEND DECLARATION FOR THE YEAR ENDED 30TH SEPTEMBER, 1984

The audited consolidated results of the company and its subsidiaries for the year ended 30th September, 1984 are given below, together with the results for the preceding year: INCOME STATEMENTS BALANCE SHEETS Year ended 30th September

	1984	1983	` Change
	R000's	R000's	% -
Turnover	547 837	496 496	+ 10
	الكتسوي	-	تنسنه
Consolidated operating			
profit	120 0 14	135 855	- 12
profit	45 430	64 055	- 29
-Normal	26 501	12 987	+104
—Deferred	18 929	51 068	- 63
		1 27 009	
Consolidated operating			
profit after taxation	74 614	71 800	+ 4
Dividend income	21 635	∌6 733	<u> </u>
Consolidated profit after			
taxation	96 249	98 533	– 2
Attributable to:			
-Outside shareholders in			
subsidiaries	14 764	15 871	- 7
-Shareholders in TCL	81 485	82 662	- 1
		اسسو	رسم
Dividends per share	280e	280с	
—Interim	75e	75c	ו
-Final	205e	205c	i
			1
No. of shares on which			
_earnings are based (000's)	11 2 11	10 566	
Earnings per share	727e	782c	
Effect of changes in tax-		782c	
ation (Note 1)	25€		
Effect of currency losses	_		
on loans (Note 2)	9 e		
Comparable earmings per			
share	761e	782c	
Dividend cover	2.69	2.79	
Notes:			

Taxation

The increase from 48.2% to 50% in the rate of taxation reduced profits attributable to ordinary shareholders of TCL by R2 846.000.

2. Foreign Exchange Exposure At 30th September a loan of \$6 294 000 in a subsidiary

company had been fully covered against exchange rate fluctuations by entering into forward exchange contracts and the losses had been fully provided for at

At 30th September 1984 1983 R000's Source of capital 389 940 in subsidiaries 61 346 488 741 451 29A Long-term loans and liabilities Deferred taxation **249 610** 212 742 855 852 775 294 654 382 150 900 Investments
Current assets 156 639 124 226 Stores and stocks 32 522 Debtors 1 028 154 929 508 172 302 154 214 12 033 152 351 142 181 855 852 775 294

3. Deferred taxation—not included in the income statement
Following the increase in the rate of taxation, an
additional deferred taxation liability of R17 192 000
arises in respect of prior years. The charge attributable
to ordinary shareholders of TCL amounts to R13 143 000 after allowing for R4 049 000 attributable to outside

Final Dividend No. 90
A final dividend of 205 cents has been declared. Annual Financial Statements
The company's annual financial statements will be posted

in the second half of November, 1984.

For and on behalf of the board.

D. T. Watt (Chairman) | Directors. Directors C. G. Knobbs 26th October 1984

DECLARATION OF DIVIDEND NO. 90

NOTICE IS HEREBY GIVEN that Dividend No. 90 of 206 cents per share has been declared in South African cents per share has been declared in South African currency, as a final dividend in respect of the year ended 30th September, 1984, payable to members registered in the books of the company at the close of business on 30th November, 1984 and to persons presenting the appropriate coupon (No. 91) detached from a share warrant to bearer. The dividend on a share warrant to bearer will be paid in terms of a further notice to be published by the company of a further notice to be published by the company. The dividend on a snare warrant to pearer will be pain in terms of a further notice to be published by the company's London Secretaries on 7th December, 1984. The register of members will be closed from 1st to 9th December, 1984, inclusive, and dividend warrants will be posted on or about 7th January, 1985.

Registered Office: Johannesburg 2001 (P.O. Box 62370, Marshalltown 2107)

Secretaries in the United Kingdom; Charter Consolidated P.L.C.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom Registrars, Transfer and Paying Agents United Aingdom Registrars, Transfer and Paying Agents will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 1 December, 1984 on which foreign currency dealings are transacted.

Where applicable, South African non-resident shareholders' tax of 15% will be deducted from the dividend. The full conditions of payment of this dividend may be inspected at or obtained from the offices of the rempany in Johannesburg or in the United Kingdom.

RAND MINES (MINING & SERVICES) LIMITED.

United Kingdom Registrars, Transfer and Paying Agents:
Hill Samuel Registrars Limited
6 Greencoat Place, London SWIP 1PL 26th October, 1984

هكذا صن القهل



Since the annoucement of China's "open door" policy, the nation's leader, Deng Xiaoping, has had to fight hard for even the slightest reform. However, for the first time, the achievements of economic flexibility are giving grounds for cautious optimism.

More flesh on skeleton of change

BY ALAIN CASS, ASIA EDITOR

The record of the past 35 years, after all, is not impressive.

The grandiose folly of the Great Leap Forward, the frenzy of the Cultural Revolution, the excesses of the Gang of Four and, more recently, the bitter infighting which has accommission themselved.

deeply entrenched as to make almost it insurfmountable, and sheer apathy are so ingrained that the notion of success seems

Then there is the sheer size and diversity of the country. The resentment felt, for example, in a deeply traditional province suche as Yunnan in the distant south-west to change imposed from Peking is so strong as to be palpable. Party secretaries who see their position threatened by reforms which take away their power which fears that devolution will refersely of the streets of

who wish to enrich themselves have all conspired to make Deng's job an Olympian task.

Beyond all this there is the fact that Deng is 80 years old.

His lieutenants, Prime Minister

and, more recently, the bitter infighting which has accompanied attempts to impose the new liberal economic policies suggest a country profoundly at odds with itself.

Since rising from the ashes of his political demise in 1978 to become China's new leader Deng Xiaoping has had to fight every inch of the way to introduce even the slightest reform. He has had to fight a party where personal and political of the concealing the truth from the prying eyes both of

from the prying eyes both of the outside world and from the majority of their own people that what may appear as refreshing candour under the

which fears that devolution will minutes snatched conversation

THE temptation to be cynical loosen its grip over the country seem disillusioned, cynical and of the party held in October about the possibility of real and old-timers who see no change, let alone lasting reform, in China is almost irresistible. In March should pave way the record of the past 35 years, for a horde of venal foreigners ably have produced the highest world. They included policies to the communist to the past 35 years, for a horde of venal foreigners and of the past 35 years, for a horde of venal foreigners and of the past 35 years, for a horde of venal foreigners and of the party held in October weary. An opinion poll about the past 35 years, for a horde of venal foreigners and of the party held in October weary. An opinion poll about the past 35 years, for a horde of venal foreigners are constituted. ably have produced the highest percentage of "Don't Knows" or, more accurately, "Don't Cares" than anywhere else out-

> But things may, at last, be changing. How profound that change is likely to be and how lasting only time will tell. But the evidence of the past five and, more particularly, the past two years suggests that some-thing akin to an irresistible force is on the move. It is called

Over the past five years Deng has pushed through a series of major reforms which, taken together, form the most determined attempt to bring fundamental change in China since Mao Tse-Tung led the revolution in the late Forties.

They range over the entire gamut of domestic political, economic and foreign affairs. Of these the most far-reaching and the ones which touch most people's lives, are the economic reforms aimed at attracting foreign investment, liberating

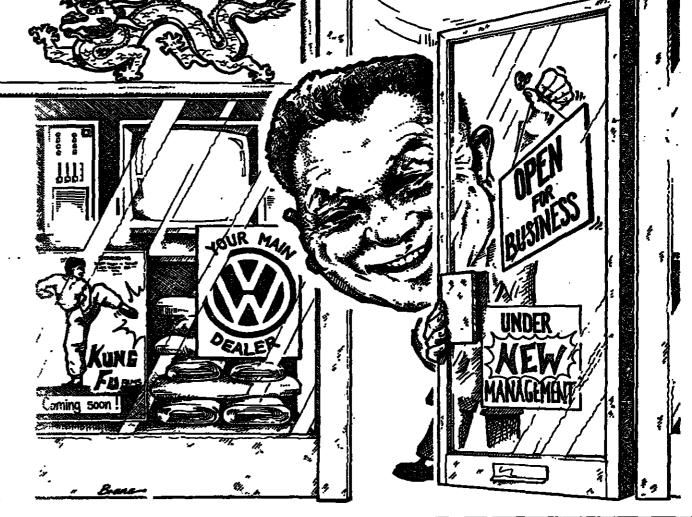
interests have systematically blocked progress. The measures announced at the Central Committee meeting

far-reaching than anything yet attempted in the communist world. They included policies to free centrally-set prices for industry, slashing subsidies with the attendant risks of allowing inefficient enterprises to go under and giving more freedom to production

freedom to pr managers in factories. The measures, opposed, it is true, by many left-wing stal-warts within the party were at least equal in importance to those which abolished the commune in the countryside, where 80 per cent of China's 1bn people live and work, and introducing a strong measure of the

Taken together they amount on attempt by Deng and his followers to smash what the Chinese aptly call "The Iron Rice Bowl," a system where everybody is assured of a living wage and a roof over their heads regardless of how much heads regardless of how much effort they put into their job. It is an attempt, never before successful, to merge communism and Market forces. If it succeeds, Deng will have made an historic change. In the past year or so a number of factory managers and streamlining a bureaucracy where apathy and entrenched who were either inefficient or corrupt have been fired. Some

CONTINUED ON



In this survey

Economy: Deng Xiaoping's hand has been strengthened by tangible results from the policy of economic flexibility

Politics: Consolidating on the success of a pragmatic approach.

Crime: Deterrent posters return

Hong Kong: The future of a capitalist enclave within a com-Foreign Policy: Exercising a more vigorous role in world affairs

Energy: Efforts to cut waste and meet shortages

Industrial Reform: Reorganisation intended in the search for more freedom and profits

Business Guide: Increased scope for individual initiative Page 6 Law: Problems of extent and applicability remain for legislative frame-

Setting up an Office: Patience in the face of an excess of red tape is a vital commodity

Schools and Universities: Old school tie is back in fashion Management: Painfully slow moves away from bureaucracy Page 8

Shenzhan: Throwing a fence around problems of ideology Open Door Policy: Off on another long march Canton: The country's most dynamic economic province Page 10

Agriculture: Bumper boost exports Shaanxi: Lagging behind in economic flexibility

Yunnan: Peking increases tangible support to this remote outpost where stability is essential Page 12 Design: Philip Hunt, photography: Hugh Routledge

Limited

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nvestment Smille is the definitive and authori-if essential information on the investment and rocture of China, its rules and regulations.

Economic Consultants Inc (CIEC), backed by a prestigious and broadly based editorial board which includes representatives of the Ministries of Economic Relations and Trade, Finance and

Published in both English and Chinese editions, the Guide is being distributed in China to officials responsible for investment ations able to take advantage of the business opportunities which China offers, the Guide is an essential aid to establishing successful ventures. Much of the information is exclusive to the Guide and no other publication contains such a wealth of auth-



JIDE 1984/85

The new era heralded by China's 'open door' policy towards the West has presented unrivalled investment and trading opportunities. Since the late seventies foreign trade has in-creased substantially and overseas investment is now welcomed.

For businessmen and government officials involved, or planning to become involved, in investment and trade with China, a prime remirement is accurate nformation - who to approach in which organisation, which province offers the best location, what types of

proposal are acceptable, the structure of government and relevant Chinese law. Now, for the first time, all this infor-

mation has been brought together. The China Investment Guide provides comprehensive coverage of the Chinese business environment and inestment conditions, the appropriate laws, regulations and procedures, and the policies and priorities of the nese authorities toward foreign

Among the special features which make the Guide the authority are:

Totally reliable translation of key trade and investment legislation by an official consultancy organisation. CIEC, whose legal office is authorised by the Ministry of Justice to handle legal matters involving foreion interest.

 Up-to-date and comprehensive statistics and data on China's Special Economic Zones, main cities, provinces, municipalities, and industries not easily available outside China

Investment in Lists of all the organisations, consultant China: corporations and companies involved Now you can in foreign trade and investment, their turn to the personnel, structure and functions authorised quide

essential to the foreign traders and investors who need to know who to contact and how in a country of China's

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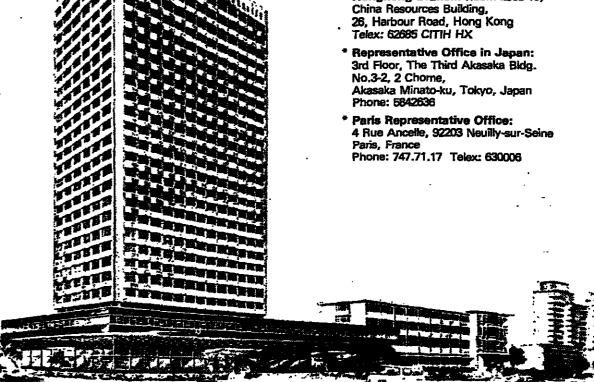
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Colina MacDougall examines the success of five years of "open door" policy and economic flexibility.

Deng's hand strengthened by tangible results

WHEN Deng Kiaoping first announced economic flexibility and the "open-door" policy in early 1979, all there was to show for it in those early days was an occasional hawker with a basket of greens or an elderly lady with eggs for sale. Food, clothing and even simple con-sumer goods were all in short supply and the possibility of a fridge or a new house was

Five years later, China has a grain surplus, free merkets are booming and private enterprise is generating millionaires. New peasant housing, colour TVs and washing machines no ionger excite comment. Canton, now the pacemaker for China in terms of flexibility, girls in pretty skirts and boys on motor bikes are on view on

Underlying the obvious success are the knotty problems that have bedevilled China for years. The shortage of power, the inadequate rail network, the inefficiency, waste and poorquality output of industry continue to hamper real growth. Low technical and management while still prevent industry. skills still prevent industry from realising its potential and the layers of industrial bureaucracy reduce the pace of change

West Germany

Switzerk

Japan

CHINA

Belgium Austria

Australia

38.0 18.7

Reserves of selected countries and regions

† As of August 1983.

Committee meeting, held in Peking in mid-October, by reducing the role of state planning in industry. Prices and wages are also likely to be affected but even a cautious move towards a Western system of regulating the economy through market, financial and tax levers is likely to be unpopular with old-fashioned Chinese Communists.

Grain surplus

However, Deng's hand is strengthened by the tangible results of his policies so far. With a summer grain harvest of 140m tons, according to Mr Zhang Zhongji of Peking's State Christian Russau total grain. Zhang Zhongi of Peking's State
Statistical Bureau, total grain
output this year looks set to
exceed last year's 387m tons by
a comfortable margin. Cotton
purchasing is already up 1m
tons on the same period last
year, while oilseeds and other cash crops are doing extremely

well. Production values of heavy industry were up by 12.6 per cent and light industry by 11.8 per cent in the January-August period. Structural

Reserve (valued at

100.3 36.2 31.2

position in market the IMF prices)

tea processing plant in Chen Cun district outside Canton where workers add jasmine flowers to tea brought from Jiangsu province. This is intended to absorb spare labour and concentrate farming among economy has been swiftly pushed through much of the

Total

80.5

\$1.7 45.5 44.6 34.0

19.8

18.9 17.8 12.6 12.4 12.8

the most efficient families.

In the towns, individual business in the shape of shops and cafes is flourishing. Collective business, such as peasant construction teams which come to work in the building industry from the surrounding country-side, is doing well.

former communes are being taken over by collectives and

for three years but are now being extended to 15 or more to

dairy cattle, are generating con-siderable wealth.

Moves are afoot to generate more rural industry, like the

In other structural reforms, more economic power has been decentralised to the provinces, conspicuously in the opening of investment. There is a growing effort to loosen red tape—the State Economic Commission claimed recently it had cut delays on approval of import of offshore oil equipment from 60 to 20 days.

Peking has begun an im-

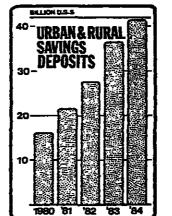
proved tax system under which all enterprises must go over to paying taxes on earnings rather simply turning over a lump sum to the state. This is designed to make Chinese managers more aware of their potential profits





their organisations more effi-

This is the reasoning behind the October Central Commit-tee meeting which is designed to do for the urban economy what the 1979 reforms achieved in the countryside. The list of commodities controlled in the past by the State Plan is to be more than halved, so that pro-duction and prices can float according to the market. New trade centres are to be set un where such goods can be freely traded. It has been hinted that workers' wages might be adjusted to cope with the rise



that this reform programme will generate more wealth in the cities, and help to rationalise the bureaucracy, it recognises that it will not get to grips directly with the physical constraints on growth. These are being tackled gradually by approaching foreign companies

for investment. For instance, Peking now has under way railway building and port modernisation plans with Japan, nuclear power projects at the discussion stage or further with Britain, France, and West Germany, coal and offshore oil development plans with a wide range of countries.

While the leadership hopes and hydropower with the U.S.

realisable at a later stage, are plans to develop the enormous coal reserves in South West China and oil in the far west.

The Minister in Charge of Planning, Song Ping, recently announced that the 7th five year plan (1986-90) would concen-trate on renovation rather than new projects. May of the pre-sent facilities under construction are expected to run on into the next plan period, and few new ones will start. Instead, China will try to modernise its huge stock of old factories by attracting foreign companies into supplying key items of new equipment to update it.

This plan sounds practicable. The Chinese approach to development has become more cautious since the days of the Great Leap Forward and increasing contacts with foreign companies have led to more understanding of the need for proper planning and feasibility studies. Possibly more difficult will be

ning and pricing system, under discussion by the Central Committee. Ideally such reforms would reduce waste and raise quality and efficiency by apply-ing the laws of supply and



		(USS be	1)			:: '; :
•	1983	1984	1985	1986	1221	1962
China's experts (fob) Crude off and	23.3	24.6		27.3	101	
petroleum products	(4.0)	(3.7)	(4.5)	(3.5)	(3.4)	. (3.3
l'extiles	(5.9)	(6.3)	(6.6)	(7.0)		(8.9) (21.7
Other	(13.4)	(14.7)	(16.2)	(17.4)	(19.2) 26.8	42.7
China's imperts (feb)	19.5	-23.8	28.5	(£A)	(8.7)	· (12)
Primary products	(5.5)	(6,8)	(6.2)	(26.2)	(31.3)	33.7
famufactures	(14.3)	(17.5)	(22.3)			-41
rade balance	3.5	0.8	-22	-5.3	-7.9	-8.5
nvisibles (net)	2.3	2.5	4.5	37	2.9	
Non-financial	·	·				Li
ervices (net)	0.4	0.5	0.5	4.7	9.8	1.0
nterest (net)	9.8	1.4	1.7		1.4 8.8	0.9
Remittances .	6.6	0.6	0.7	L .		
Current account	5.3	5.3	6.8	-22	-4.9	
Capital flows (net)			2.1			
direct investment	8.1	0.4	1.5	9,5	0.6	9.7
Non-bank borrowing	8.2	1.0	1.5	2.0	2.3	2.4
Bank borrewing	6.1	9.3	8.4	6.5	9.6	0.7
Reserve usaget	-6.0	-5.0	-1.1	9.5	1.5	2.9
Kemo items			3.			. A. Si
Foreign assets	21.3	26.5	20.0	8.68	29.3	26.4
Foreign exchange	• •					
eseryes .	17.1	22.1	25.2	26.0	24.5	21.6
ield .	4.8	4.5	1.8	1,8	4.8	4.8
Sxternal debt	4.7	6.0	. 7.9	10.4	18.3	16.1



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Consolidating on success of pragmatic policies

Politics COLINA MACDOUGALL

ON THE STROKE of 10 on October I, as the band played "Song of the Motherland," Beng Kiaoping and his licuten-ants walked out into the bright Peking sunlight to review the Hational Day Parade, the first

Mational Day Parade, the first for nearly 20 years.

If was a moment of triumph. On the 35th anniversary of the People's Republic, Deng could proclaim the success of his pragmatic policies (including the return of Hong Kong) on the very spot where Mao had hurled China to the Left in 1966 at his Red Guard rallies in Tiananmen Square. in Tiananmen Square.

To was also symbolic. Deng.

The second second

PART PROPER

the one-time guerrilla fighter, impassive in his dark Chinese-style jacket, stood flanked by the party's general secretary, Hu Yaobang, and premier Zhao Ziyang, in Western suits. The army was present in strength, in their new uniforms with tanks and misselles. Communist Chinese tradition, the spectacle declared, is compatible with Deng's four modernisations.

These key policies are ex-pecting to be launched further into orbit at the coming third plenary session of the 12th central committee. This, echoing the name of the landmark third plenary session of the 11th central committee, which gave Deng supreme influence at the end of 1978, will be as important, Chinese officials say, as its predecessor, which intro-duced economic flexibility and

the open door policy.
The main topic is expected to be sweeping urban reforms affecting industry, commerce, science and culture, the next step in the introduction of a

"negate the cultural revolution" dence for opposition comes from suggest that leftists still inhabit the anti-spiritual pollution cambell, probably to deal with political questions. It also seems likely to be a landmark, and may set a further seal on Deng's innovations.

"negate the cultural revolution" dence for opposition comes from suggest that leftists still inhabit the anti-spiritual pollution camber aign, which took off with bureaucracy, but the leadership has been able to pillory some seems likely to be a landmark, and may set a further seal on Deng's innovations.

Li Desheng, in Mao's kifetime party secretariat member and a member of the politibureau in charge of the campaign, standing committee and at least

Tiananmen supported the view that Deng's power is continually strengthening. Hua and Zhao — especially Zhao — standing close to Deng looked like men well able to carry forward the torch of pragmatic comic development. Among younger leaders are Hu Cili, member of the politbureau's secretariat, and Li Peng, vice-premier in charge of energy, who are seen as future possibles

who are seen as future possibles for their posts.

All this year the leadership has consolidated, not with major appointments like those made appointments like those made in 1983 (such as Li Peng's to the vice-premiership), but by quietly slipping younger, better qualified men into lesser posts. The recent appointment of Lu Dong, a travelled man with a technical background, to the test of chairman of the center. post of chairman of the state scientific and technical commission in place of the ageing Fang YI is a case in point. The success of Deng's economic flexibility policies has boosted his standing, strengthened his support nation-wide and made it easier for him

to ensure the promotion of like-minded people.

Undoubted grumblers One-time leaders of the oppo-Marshal Ye Jianying, or economist Chen Yun, who has been conspicuously silent on recent economic initiatives, are frail. Deng can afford to wait for them to die. There is now no one visible in the top echelons of power to provide the leadership for the un-doubted gramblers in party and government who have lost out under the present regime. Even at the provincial level Deng seems to have circumvented survivors of the cultural revolution. The vociferous demands in the media to "negate the cultural revolution" suggest that leftists still inhabit



Chinese Premier, Zhao Ziyang and President Reagan shake hands at the conclusion of their meeting in China's Great Hall of the People earlier this year.

modernisation plans. Nevertheless, it took Deng

paign, it was turned off indirectly by hedging it about

sign that Deng Xiaoping it not completely supreme is the slow

progress of party rectification, the movement designed to weed Deng, what?"

Deng's equal in status, still rectification campaign which out or re-educate the 50 per leads the important Northeast had just been announced at the cent of members who had military region, but made a central committee meeting and joined as Leftists during the growelling self-criticism last turned it into a movement to cultural revolution.

summer.

Mao Zhiyong, the party first secretary in Hunan province installed by chairman Mao's successor (but no relation) Hua Guofeng, has been blasted for leftist crimes in his profor leftist crimes in his pro-

Even the army, hostile to Deng for undermining its influence, may be mollified by visit to North America, where the prestige conferred by its growing professionalism. More than a million People's Liberapaign, it was a turned off tion Army officers have had specialist training since 1979, with so many restrictions that top leader Yang Shangkun said last month. Missiles, including China's latest ICBM, were on display in the October 1 parade.

The crime rate, last year a keep claiming that he had worry for the social unrest it retained it. Another important that hears that Deng Kianning it not implied, is claimed to have

dropped These factors all point to the growing security of the Deng leadership. But it is not yet home and dry. The best evi-dence for opposition comes from

Deterrent posters back

THE big white character posters detailing crimes committed have begun reappearing in Peking and many other cities across China. The red ticks slashed across each of them dealers that the death parally declare that the death penalty

is still a potent weapon in the Chinese system of justice.

In the capital, 26 men were shot last month for crimes including murder and rape. In Canton, four members of a gang of robbers were executed. In southern Yunnan province, one man was killed for allegedly

spying for Taiwan and eight accomplices received long prison terms.

The rituals of capital punish-ment in China remain traditional. Several mass rallies have been held in Peking and other parts of the country recently where the convicted heads shaved hands bound and placards strung from their necks detailing their crimes— are paraded before the large

They are denounced, jeered and humiliated. Then, standing on the backs of open trucks, they are driven away to the countryside where they die, kneeling and blindfolded, from a single pistol shot through the back of the skull.

The party is also passively resisting the loss of influence that will follow economic in-The reappearance of the execution posters follows a resdependence and the dissolution pite in the first half of the year of the communes. Former powerful local cadres fear playfrom the fierce anti-crime campaign between August of last year and January, during which ing a limited role in future if at least 5,000 people and possibly as many as 10,000 are Deng's ideas are carried out. since the party is supposed to keep to a policy-making role believed to have been put to

The campaign was brought to The Defence Minister, always difficult post for Deng to fill an end probably for two ecause the holder must be reasons. First and foremost, it because the holder must be someone acceptable both to him and the army, remains 74-year-old Zhang Aiping. He was recently reported about to be replaced but so far there is no change. With many of the military and party still unwilling Deng supporters, there must be a question over the future when he goes. Even pared with the same period in 1982. appeared to have achieved its acceptable both to

The other probable reason for curtailing the campaign was the massive publicity which was massive publicity which was me generated overseas, most of it highly damaging to China's efforts to sell itself as a country of stability, justice and fairness.

One of the few voices raised or th

In a 130-page report on human in a 130-page report on numan rights abuses in China, released late last month, Amnesty detailed how the implementa-tion of the death penalty in China in recent years has con-tradicted the Government's claims to have restored the rule of law and to have done away

with summary justice.

Crime MARK BAKER

Amnesty said that executions were being used to deal with political offences as well as ordinary crimes. It pointed out that since 1981 the number of offences carrying the death penalty has doubled.

While murder, rape and violent robbery are still the most common reasons for execution in the cases that are publicised, people can be executed for a wide range of often loosely-defined offences including theft, bribery, embezzlement, organis-ing a secret society, molesting women, gang fighting, drug women, gang fighting, drug trafficking, pimping or "passing on methods of committing

crime." served to highlight the powers of the Public Security Police and judicial authorities in sending people to their deaths. Since 1982, and especially

since the beginning of the anticrime campaign, the procedures for trial, appeal, review of sentence and execution have all

National People's Congress on September 2 last year, at the outset of the campaign, threw out any suggestion that pre-sumed innocence should be the starting point of a criminal judicial hearing.

The measures declared that cases carrying capital punishment should be tried swiftly "if the major facts of the crime are clear the evidence is conclusive and they have incurred great popular indignation."

To speed-up hearings, courts were empowered to bring prisoners to trial without giving them a copy of the indictment in advance, without giving them advance notice of the trial or serving summonses to all parties involved—actions which had been required previously under the law of criminal procedure.

The standing committee's decision also cut the time for appeal from 10 to three days, and a further change ended the requirement for local courts to have execution sentences approved by higher authorities. Those who do manage to lodge appeals can face a harsh reac-tion. A lawyer was recently arrested, detained for a month by local officials and had his house ransacked after he appealed against a death sen-

tence passed on a young client. The lawyer had mistakenly believed that his client was not yet 18 (the minimum age for execution). For his mistake, the lawyer was arrested on the orders of a public prosecutor and accused of "aiding and abetting" a criminal.

The Amnesty report also con-demns China for the inhuman way in which many prisoners are paraded and humiliated before execution, often in front of crowds of tens of thousands of people and sometimes on television. It points out the contra-diction with China's law of criminal procedure, adopted in 1979, whi says: "The execution of the death sentence should be been accelerated.

New measures enacted by the Standing Committee of the public."

announced, but the condemned should not be exposed to the public."

More flesh on skeleton

CONTINUED FROM PAGE 1

have been put on trial and publicly sentenced to long terms of imprisonment. Power to do business with foreigners has been devolved to hundreds of enterprises, provinces and other units replacing the rigidity of a centrally-planned system where the only criteria that mattered in the past was fulfilling quotas set by the state.

Special Economic Zones have en created to attract foreign been created to attract foreign.
investment with exceptional
incentives. A web of carefully
constructed legislation covering
most aspects of trade has been
developed to add creibility to
the new concept of China as an
international trading partner.

These measures have been accompanied by a relentless effort to eliminate closet left-wingers in the party and bureacracy. This effort, however, has not been as successful as Deng might have hoped. After initially claiming that millions would be effectively purged from the party less than 40,000—or one in every thousand of the membership—has been

ient

and adaptable to change.

An important indication of the new leadership's determina-tion to develop a more adaptable China, free of stultifying dogma, is the agreement reached with Britain over Hong Kong. It may, of course, never work. China by 1997, the date when the leases expires and Hong Kong reverts to Chinese control, may be a very different place.

itself. But that a major Com-munist power should apparently have accepted the idea of a fullpower should tolerate a full-blooded capitalist enclave within its borders is unique.

Striking evidence

Perhaps the most striking evidence of change in China is visual. Cities coming alive again after decades of penury. Free markets bursting with produce even in the poorest part of the country. Shops filled with the country. Shops filled with But there is change, however consumer goods, most of them manufactured in China, some in joint ventures with foreign partners. Sanyo stereo sets. A

thwarted in a number of places, freels and jeans. Leather But more and more safe meets jackets and Japanese cameras. officials at every level who Nearly 20,000 people, according appear increasingly articulate to the Bank of China, with bank accounts totalling foreign exchange. encouraged. Profit is no longer a dirty word. China may not be a free country but the increased wealth gives its people a greater freedom of choice.

There is of course no guaran tee that any of this will last. China has torn itself apart in internecine conflict in the past and could well do so again. It There can be no guarantees of is hard to gauge what dark and continuity other than continuity resentful forces lie in wait to itself. But that a major Com. take revenge after Deng, who seems untouchable, passes from the scene.

The progress should also not be overestimated. Chinese in-dustry is still riddled with inefficiency. The bureaucracy advancement. Foreigners who remains a major obstacle progress, foreigners who try and do business still come away exasperated wondering why they ever bothered.

But there is change, however ponderous. The first skelento of the membership—has been expelled or disciplined.

Travelling around China partners. Sanyo stereo sets. A milion colour television sets at there is still plenty of evidence of opposition to Deng's policies. Here and there women in lines. Here and there women in lines. Here and there women in make-up. Dances for single people organised by the state through lethargy or design, the implementation of the free market policies are being married look for partners. High



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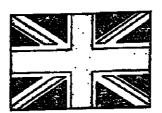
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Testing time for Hong Kong

THE Hong Kong agreement initialled on September 26 by Britain and China designed to ensure the prosperity and stability of the territory after it passes into Chines hands in 1997 is, by any criterion, a remarkable document.

Under the agreement Hong Kong will retain its present political, social and economic

political, social and economic freedoms; it will have unpre-cedented judicial, legislative eedented judicial, registative and executive autonomy and will retain its present status as a major financial centre. All this, say the Chinese, will be guaranteed for a period of 50 years after 1997.

Basic points

It was clear from the start of the negotiations in September, 1982, when Mrs Margaret Thatcher, the British Prime Minister, went to Peking that

Minister, went to Peking that China knew what it wanted, at least in outline, and intended to get it.

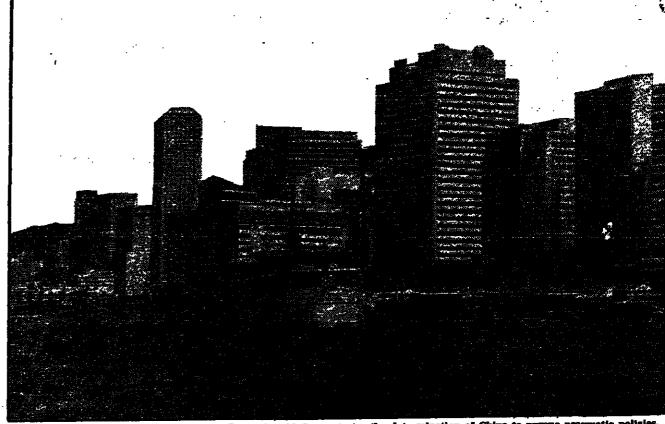
The final agreement, in fact, bears uncanny resemblance to China's 12 basic points released during the sense of the talks in 1983. course of the talks in 1983. Certainly some hard and determined bargaining by the

British side persuaded the Chinese to negotiate an agree-ment which was more detailed than Peking would have liked. It is also clear that, during the negotiations, Britain was able to educate China about the realities of running a capitalist territory and of the need for guarantees of con-tinuity which went beyond mere rhetoric.

But, ultimately, China dictated both the pace and the substance of the talks. When it seemed that Britain when it seemed that Britain would refuse to coucede administration as well as sovereignty to Peking China mounted an intensive public relations campaign in the summer of 1983 compelling the British Government to

This was followed by a barrage of propaganda by Peking designed to reassure the people of Hong Kong and the rest of the world that reason and not dogma was what lay at the root of China's negotiating position.

The significance of the ent for China and the goes considerably



Hong Kong. The agreement initialled on September 26 demonstrates the determination of China to pursue pragmatic policies. But will the idea of a free-wheeling capitalist enclave within the world's most populous Communist nation stand the test of time?

ensuring the con-presperity of Hong It demonstrates Kong. It demonstrates the determination of the new leadership in Peking to pursue policies which are

It signals to the rest of Asia that China wishes to play its part as a stabilising influence after three decades of uncertainty and xeno-phobia. And, finally, it marks China's coming of age as a fully-fledged partner in the international trading com-

Having settled the issue of Hong Kong, China is now likely to turn its attention to the more difficult issue of the more difficult issue of recovering Taiwan. An agreement which is seen to work in Hong Kong, Peking calculates, gives it the best chance of persuading the nationalist regime in Tapei to return to the fold one day under peaceful circumstances.

None of this, of course, guarantees that the deal struck with Britain will actually work. Confidence in the colony has been shown to be a fragile thing and China will have to tread carefully over the next 13 years if Hong Keng is to be in good shape when the Union Jack is replaced by the Five Star flag in 1897. in 1997. Beyond

of place China will be in 1987. Will Deng's policies outlast him? Will the idea of a free-wheeling capitalist enclave within the world's most populous Communist nation stand the test of time? However "binding" nowever ornging north governments say the agree-ment is, only the reality of experience will ultimately decide whether it works or

Alain Cass

Handshakes across some strange borders

WITH growing confidence about the strength of its domestic reforms, greater internal politi-cal stability and expansion of its international economic ties, China is beginning to exercise a more vigorous role in world

affairs.
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China has seen itself as an Vietnamese power in Indo-popent of the superpower China and to use Third World spreading of Moscow's alkances ivalry of the U.S. and the solidarity as its diplocatic in developing countries in Asia, oviet Union, a battler for a soaphox.

But the overriding priorities

But the overriding priorities opponent of the superpower rivalry of the U.S. and the Soviet Union, a battler for a fairer world economic order, a solid friend of victims of colonialism and a somewhat pristine occupant of the moral nuclear disarmament.

From the perspective of self-interest, China's priorities have been to play off Moscow and Washington to ensure the maximum economic and strate-gic advantage, to counter Soviet-

But the overriding priorities of China's drive for rapid modernisation have forged some improbable new friendships recently, and created some awkward contradictions. The necessity for advanced technology, capital and management expertise has drawn China increasely cleans to the TIS. inexorably closer to the U.S., Japan and Western Europe.

Japan and Western Europe. This has stretched the credibility of its professed even-handedness between the superpowers and exacerbated the strains in relations with the Soviets.

Wary ally

China's international friendships now cross some strange borders. It is a staunch, if a little wary, ally of North Korea, but is progressively developing unofficial relations with South Korea. It is vigorously press-Korea. It is vigorously pressing the development of relations with most countries in both Eastern and Western Europe. It has strong links with Iran and Iraq, and Egypt and Libya. China says its ambition is to develop friendly relations with all nations on the basis of principles of prescript correspondents. china says its ambition is to develop friendly relations with all nations on the basis of principles of peaceful coexistence and mutual benefit. It says the necessities of concentrating on its economic modernisation are the guarantee that it will not act as an aggressor or expansionist.

But the initiatives of Chinese diplomacy, especially in the past year, show that China perceives itself as a substantial force in the past year promoting expromotion in gexpanded trade and other billateral ties. In addition to Romania, relations appear to be growing steadily with Hungary, Yugoslavia and East Germany.

Mr Deng highlighted the provocative style of China's diplomation in Europe when he declared firm support for German reunification during the recent visit to the china's attitude towards the

year, show that China perceives itself as a substantial force in world affairs already and is

and Africa.

This attitude explains the vehemence of China's hatred of the present Vicatinamese leadership and its energetic backing of the anti-Victnamese coalition fighting in Kampuchea. It also underpins the considerable effort Peking puts into cultivating North Karea and Pakistan and the continuing frostiness in its relations with India despite some progress recently in pite some progress recently in

mending fences.

China has been very active in attempts to promote differences between Moscow and its

allies in Eastern Europe.
The Chinese President, Mr
Li Xiannian, made a muchpublicised visit to Romania in
August to attend celebrations of the 40th anniversary of the country's liberation from the Nazis. He used the visit to appland Romania's maverick role in the Warsaw Pact and to champion independent action by other Eastern Bloc states.
Several other senior Chipese
leaders have toured Eastern
Europe in the past year promot-

year, show that China perceives chancellor, Dr Aonl. itself as a substantial force in China's attitude towards the world affairs already and is actively seeking to expand its role.

Underlying most of its within the Chinese leadership actions appears to be a pre-about the prospects for im-occupation with countering provement in relations.

the Captese pengre ancestwo has become more antagonistic and less willing to negotiate since the change of leadership in the Kremlin at the beginning of this year. They point to a rash of anti-Chinese rheteric in the Soviet media

rhetaric in the Soviet media since Mr Chernenko came to power, some of it by Mr Chernenko himself, and the cancellation without explanation of a scheduled visit to Peking in May by a Soviet Deputy Frime Minister, Mr Lyan Arthinay Ivan Arkhipov. A process of formal consulta-

sides say that a fifth round of the consultations beginning in Peking on October 18 will be little more than a formality.

Three obstacles A six-hour meeting at the United Nations several weeks ago between the Chinese Foreign Minister, Mr Wu Xueqian, and his Soviet counterpart, Mr Gronyko, dld not achieve the breakthrough China was hoping for.

China was hoping for.

The prospects for progress are not improved by China's rigid insistence that the Soyleis must first act on the "three obstacles" — support for the Vietnamese occupation of Kampuchea, the Soylet oocupation of Afghanistan and the continuing build-up of Moscow's military strength along its borders with China.

China's apparent marilling.

China's apparent unwillingness of give even a little ground
on the preconditions is seen by
the Soviets as evidence that
China is not interested in repairing the relationship, beyond
the gradual growth in bilateral
trade and in trivial educational

The Soviets have been understandably piqued about China's contracts with the U.S.—especially the visit to Peking by President Reagan in April and with China's effusive new friendship with Japan.
The Reagan visit to Peking, and a visit to Washington in Jamary by the Chinese

tions on a firmer course. While China recognizes the importance of U.S. investment and technology for its economy, it A process of formal consultation between Moscow and is still wary of Washington. Peking, begun is 1982 at the initiative of the former Soviet Taiwan is still a volatile issue, although Peking seems more become bogged down. Both influence U.S. policy on the matter and more confident of Washington's pledges to con-tain support for the Nationa-

The agreement initialed last month under which Britain will return Hong Kong to China in 1977 has given China enormous confidence about its ability to schieve reunification with

achieve reunification with Taiwan by diplomacy.

It was notable that the U.S. was one of the first countries to applaud the achievement of the Hong Kong agreement and the U.S. was generous in its praise for the "one country—two systems" concept under which the colony will keep its authoromy and capitalist system. autonomy and capitalist system.

The U.S. stand carried an ominous ring that was not missed by the increasingly nervous Nationalist Chinese regime in Taiwan

regime in Taiwan.

The Hong Kong agreement itself is a formidable example

Mark Baker

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Efforts to cut waste and meet shortages

Energy

COLINA MACDOUGALL

ON OCTOBER 1, 35th anniversary of the foundation of the People's Republic, China's cities reopies kepublic, china's cities begin ablaze with lights. Luckily the gas a holiday. With the factories switched on, the bulbs would have gone out in a disparatic reminder of China's hower starved economy.

Felding still has far to go in disparationing energy resources.

developing energy resources. Shortages constrain the growth of industry more than any other factor. Production of coal, power and oil has begun to rise but is still delayed by old tech-nology, inadequate transport lack of investment. Riforts have been made to cut

down energy waste. Peking claims success to the tune of saved last year, and plans to wells which they previously achieve the same for this year.

Chinese industry

Wells which they previously maintained were uncommercial.

However, Occidental are

Developments in oil, initially think there's only a medium-sized field out there," says blocks they're interested in," David Harding, manager of says a BP man. "We expect to BP's operation in Canton where a sizeable number of foreign companies and will expand the

oil companies are now based. Of the 12 wells drilled in the South China Sea by foreign operators under the model contract signed with the Chinese last year, only one, drilled by Esso, may turn out to be truly

19-1-2. daily production is companies so they will develop 429 tons," says Mr Chen both good and bad areas.

Binggian, director of the "We also plan to invite liaison department of the China foreign companies into joint National Offshore Oil Corpora-ventures for oil development on tion. "Esso has encountered shore, but that's the business of several hundred metres of dark the petroleum ministry, not of

horizons, one at around 1,000 metres and another at around 3.000 metres.

series of complex evaluations. Even if we go ahead, the well may not be in production till the late eighties."

In the South Yellow Sea,

where the Chinese had drilled unsuccessfully on their own before taking on foreign part-ners, BP has had oil and gas shows. "That's encouraging," says Mr Chen.

Talks

Four more foreign-operated rigs will start drilling sbortly in the South China Sea and one more in the South Yellow Sea. Total, after a year of talks with the Chinese over their pullout from drilling off Hainan island, have agreed to put in a light platform. This is to develop wells which they previously pulling out for a year to consider the data from the two they have drilled. "Their Speciacular plans are afoot they have drilled. "Their for massive developments in every sector. In a few cases, like the offshore oil search, work has begun. In others, for instance the Guangdong nuclear power project at Daya Bay, the exploration in the Pearl River and the details of the centrest needs. final details of the contracts are area. Areo, which made a large being discussed. In still others, gas strike, are deliberating on like the massive hydropower the possibility of building a projects which the U.S. is fertiliser plant on Hainan studying, real development is which would use it as feedstock. China plans to start its second round of bidding for so hopeful, have been dis-exploration blocks early next appointing. So far, no-one has year (The first was in 1983). found a high-yield well. "I "The Chinese have already

area for bidding," says Mr Chen of CNOOC.

"By and large the new contract will be similar to the model contract which has al-ready been accepted," he adds. "We will make some modifica-tion to it, though, and guarantee "At this well, the Wenchang a reasonable return to foreign

Onshore, after years of low investment, China has begun to pump in more money and S,000 metres."

Esso are pleased at the discovery, but "we still have lots of questions," says Mr S. I. Philips, vice-president of Esso China. "We'll have to make a series of complex evaluations. Even if we go ahead, the well may not be in production till the late eighties."

In the South Yellow Sea, where the Chinese had drilled and other equipment. Other and other equipment. Other fields such as Zhongyuan in Hunan province are also slated for World Bank loans.

Despite foreign interest in the oil saga, coal is China's most important fuel as the smoking chimneys which dominate every townscape testify. Currently it accounts for 70 per cent of energy production with esti-mated reserves of 740bn tonnes, there is huge scope for develop-ment, much of which Peking hopes to pursue with foreign co-operation.

The output target for the year 2000 is an amazing 1,200m tons. Outsiders view this goal with scepticism, not so much for the constraints that exist on production, as for the burden it would load on to an already groaning transport system. A quarter is destined to come from coal-rich Shanxi province, where even now mountainous coal stocks overflow storage capacity.

Major mine developments

listed for foreign partnership include the Pingshuo open pit mine in Shanxi on joint venture terms with Occidental. After hitches owing to the drop in the world coal price, Occidental is now expected to take only 25 per cent of \$600m investment, with the Chinese taking 75 per cent. The U.S. company, Fluor,

has completed a mine improve-ment study for the Fushun opencast mine in Liaoning province, and are working on a study for Huolinhe mine in Inner Mongolia. Fluor UK are conducting a feasibility study with Shell for the Jining No 2 shaft mine in Shandong pro-vince. The World Bank is also providing finance for coal projects, of which two are expected to come up for bidding later this year.

have priority, and preliminary estimated investment for the



Coal is China's most important fuel, currently accounting for 70 per cent of energy production. There is huge scope for development, much of which Peking hopes to pursue with foreign co-operation

Though China has huge stocks of coal, most of it is incon-veniently located for much industry. The great cities of Central and South China are many hundreds of miles away.

Response

The S3bn 1,800MW nuclear power plant planned for Guangdong is intended to solve energy problems for Canton. The French and British companies concerned, Framatome and GEC, are awaiting a response to their proposals made earlier this year. China is building a 300MW nuclear plant on its own (but

with a Japanese reactor vessel) this year.

To ease transport, China is at Qinshan, near Shanghai, and considering slurry pipelines. other nuclear proposals are One, from Shanxi to the under discussion with West Shanghai area, is thought to Germany. Talks with the U.S. have ground to a halt since Washington's anxiety over

first is \$900m but many Peking transfers of nuclear foreigners are sceptical about technology to Pakistan grew in the practicability of such a midsummer. However, sceptics believe that once the U.S. presidential election is over, the agreement signed by Ronald Reagan on his

visit to China in April will be ratified. Thermal plants still loom large in Chinese thinking. Peking plans to build around 35,000 Mw of capacity during the current and next five-year plan period. At the same time, hydropower is under study, notably by the U.S. Bureau of Land Reclamation at the Three

Gorges site on the Yangtse, where capacity is estimated at 13,000 Mw. Construction here, if it went ahead, would be spread over many years, perhaps through the 1990s. With such ambitious plans in a wide spread of sectors, it remains to be seen whether

China, still short of technology

and infrastructure, such as

roads and railways, can imple

Shake ups seek to create more freedom and profits

ALAIN CASS

CHINA's lumbering industrial structure has been subject to more edicts, shake-ups and abrupt changes in the past six years than ever before in its chequered history.

The reforms introduced by China's leader, Deng Xiaoping, since 1978 have been simed at making the country's sprawling Soviet-style industries more efficient, more profitable and more responsive to market con-

A meeting of the Communist Party's Central Committee in as fast as they are produced so October pushed through a major they become obsolete. Vice-new series of reforms aimed at Premier Wan Li, chairman of new series of reforms aimed at making all enterprises and industries more independent told a conference earlier from the stifling control of state this year. "We are at planning and, therefore, more least 10 years behind. The profitable. The steps included business must be managed planning and, therefore, more profitable. The steps included dismantling control of prices, cutting subsidies and giving more planning autonomy to production managers.

Reformist movement

Despite some patchy improve-ments since the reformist movement began in 1978, Chinese industry has suffered from uneven progress and continued interference from ministries—at the higher levels—and officials, lower down, unaccustomed to the idea of initiative and profit.

The question of evolving a sensible pricing system is the top priority in making Chinese industry more efficient. The first area which needs to be tackled is energy, where over the past year the familiar gap between industrial growth and the much slower growth in power supplies exacerbated an already serious problem.

A second important area for urban reform is the shortage of qualified technicians to run China's factories. According to one Chinese survey less than 3 per cent of the workforce currently manning China's large-scale and medium-scale enterprises is technically qualified. Even Chinese economists admit that less than one-third of fac-tory managers are qualified to run their enterprises.

Problems such as low productivity, antiquated equipment, lack of cost accounting prac-

In some cases the Government has sanctioned drastic steps in a bid to push through reforms. Factory managers have actually been dismissed—an unheard of step in the days of Mao—and, more frequently, factories or enterprises have been forced into mergers with more profitable units.

One obvious area where a higher standard of management would be beneficial is China's budding microcomputer industry. In the past nine years the country's production has grown to 9,000 machines per year. Output is projected to reach 30,000 units by 1985. But

China's leading computer group, properly because time does not wait for us."

The challenges facing China's computer industry highlight the much broader problem the coun-try faces in modernising its light industry as a whole.

Paradoxically these are prob-

lems which have surfaced as much, if not more, from the success of the policies aimed at pushing light industry than from their failure. The new policies apart, two other factors growth of light industry which has averaged an annual increase of 11.2 per cent over the past five years according to Chinese

Bumper harvests

second factor is that average in-

in particular, consumer goods.
This rapid development has produced new problems as the tastes and demands of the contastes and deman they wore, to take one example. expect people to spend a smal-Everyone wore the Mao suit and ler proportion of their money the only available colour for on essentials such as food and

industrial reform

tices, deficit financing and an absence of quality control cannot be resolved until the right manpower is put in charge.

old and young want different colours.

Women want more make-up.

Children want more toys. And

Light industry in China, long used to churning out goods simply to meet a nationally-ima result, explained the official: "Factories are now making goods we cannot sell, black and white televisions for example, now that many people have colour sets; toys that are not up to standard, and out-of-date clothes. A huge process of adjustment is required to keep light industry up to the mark.

Even if light industry were to adjust fast enough to the quality China's new consumer desires, it is doubtful whether it could keep up with the demand for quantity. As incomes have rocketed under the new system so have savings. Most people, it seems are saving more, rather than spending their money. In 1978, total savings amounted to Yuan 21.1bn

(\$8.22bn). By August 1984 these has topped Yuan 100bn. The problem of getting factories to produce the right pro-duct of the right quality in the right amounts is compounded by the uneconomic price structure which burdens the whole of Chinese industry. "We cannot encourage factories to change until we make it worth their while," said the official. "Hope-fully the recent new measures will help in this task."

Chinese officials reckon that, although most consumer goods will eventually be supplied by Chinese factories, light industry offers major, new opportuni-ties for foreign companies, either as joint-venture partners The first stems from the fact or suppliers of technology and that 70 per cent of total light industry uses agricultural raw material as its main manufacture be food processing, electrical material as its main manufacturing base and China has been having a series of bumper harvests in recent years. The second factor is that average in material as its main manufacturing base and bumper harvests in recent years. The second factor is that average in the second factor is that a verage in the second factor is that average in the second factor is that a verage in the second factor is that a verage in the second factor is that a verage in the second factor is the second factor is the second factor in the second factor is the second factor is the second factor in the second factor is the second factor in the second factor in the second factor is the second factor in the second factor in the second factor is the second factor in the s wife and youngster-fridges, vacuum cleaners, stereos, even comes have grown, swelling air conditioners and cosmetics, demand for light industrial and, In time the same is likely to

has taken something of a back most people was blue. Now both more on western-type luxuries.

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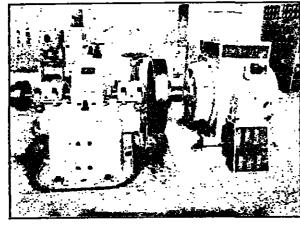
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- GLASSWARE; 6. LABORATORY & EDUCATIONAL
- INSTRUMENTS: 7. ELECTRONIC ELEMENTS;
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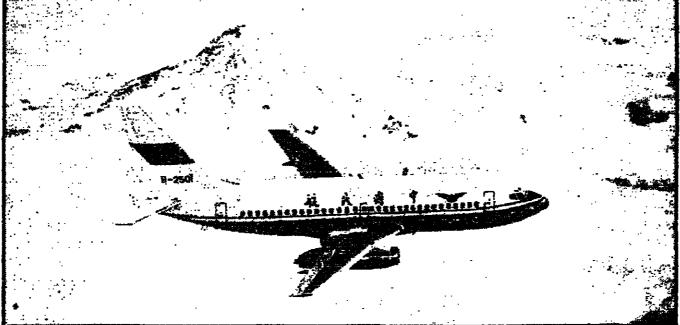


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CHINA 6



The national airline CAAC (Civil Aviation Administration of China) has a monopoly on all internal routes

Scope for individual initiative



By Susan Ware Editor of Sino British Trade

THE ECONOMIC bureaucracy in China's provinces, like the Chinese style of dress used to be characterised by a certain degree of uniformity. These days there is scope for in-dividual initiative in both spheres, and as new styles appear on city streets, nev organisations spring up by the dozens every month, covering everything from earthworm breeding in Jiangsu to power plant in Sichuan. Business may be booming for the Chinese, but it can be extremely confusing for the foreign businessman new to the scene, as he surveys a bewildering array of organisa tions with acronyms like ZITIC and NHWOC, and wonders just who he should approach.

The problem is serious in that while for very large deals the foreign partner may spend much of his time negotiating at Ministry (or equivalent) level in Beijing, for an increasing number of projects most of the work can be done at provincial or municipal level

While the contact at these levels used in general to be a branch of one of the Foreign Trade Corporations of the (then) Ministry of Foreign Trade, it can now be very unclear not only who the contact should be, but also how the various organisations relate to one another. The situation is fact that despite a basic structural similarity, organisations tend to differ from province to province.

The Provinces

In general, however, the racy is structured along lines as follows: under the Provincial Government are the Provincial Economic and Planning Commissions (which may be separate or conjoined) and the Provincial Department of Foreign Economic Relations and Trade (FERT).

These bodies work closely together, the former performing the roles played at the national level by the State Economic and Planning Com-

ing Materials, which answer to Ministries at the national missions in the formation of short and long-term plans, and have a supervisory role over level. Any bureau may have a twin, for instance the No. 1 industrial enterprises and in-dustrial corporations which and No. 2 Bureaux of Light Industry, baving different may or may not have the authority to conduct foreign areas of production responsi bility. Under these come the various branches of the State trade. The Provincial Depart-ment of FERT (under the Ministry of Foreign Economic Trading Corporations which answer to the provincial or Relations and Trade) oversees municipal Department of FERT, or to central Ministhe implementation of these plans and supervises the prorincial import-export corporations and thus both imports into and export out of the parentage. province. Its authority also has

to be referred to in the forma-

tion of joint ventures and leasing, licensing, compensa-

tion trade and other kinds of

Should there be a larger non-specialised development corporation, such as the Chanjiang Enterprise Corpora-tion in Sichnan or the Hubel

International Economic Co-operation Technical and In-vestment Consulting Service

Corporation, it will usually be

under this department's aegis,

as will the provincial Inter-national Trus and Investment

Corporation (ITIC). This latter body is legally un-related to the China Inter-

national Trust and investment

Corporation (CITIC), but per-

forms similar functions to it—the soliciting of investment

and finance both domestic and

foreign. It is becoming more common for ITIC's, and for Bank of China (BoC)

branches, to take equity

stakes in projects — the Shanghai BoC, for example,

has an equity stake in the Pilkington's glass-making joint venture in the city.

Outside this hierarchy the

trade remit are the Bank of China and the provincial sub-

councils of the China Council

for the Promotion of International Trade (CCPIT). Pro-vincial and municipal BoC branches have recently been

given increased authority, in degrees varying with location,

to approve foreign exchange

for projects.
CCPIT's main functions are the organisation of trade

exchanges and exhibitions.

For the foreign busine

All of these organisations have an umbrella role to play.

those most suitable for an initial approach are the Provincial Department of FERT, CCPIT and the ITIC.

The ITIC's certainly have a reputation for being particularly sophisticated and dynamic.

The Municipalities

The structure differs to some extent to the Municipali-

ties of Beijing, Tianjin and Shanghai, and differs between

them. In Beijing the most important umbrella organisa-

tions are the Municipal Economic Commission, the

Foreign Trade Corporation.

the Economic Development Corporation and the ITIC,

who form a layer above the

State Trading Corporations and the other industrial

In Shanghai the structure is similar, with a Foreign Affairs

Commission and a Capital Construction Commission in

addition. The best organisa-tions to approach are prob-

ably SFTCO (Shanghai Invest-

ment and Trust Corporations) and the Shanghai Foreign

Trade Corporation (FTC),

which latter supervises over 20 specialised import-export

corporations, an advertising and a consulting arm. When the Yangtze Economic Zone is established, integrating Shanghal economically with its hinterland, the FTC will become practically (manufacture).

become particularly important, acting for the whole

In Tianjin there is a similar

top level to the hierarchy.

Affairs Burean, the Foreign

Trade Burean, the Municipal Economic Commission and

Planning Commission, and,

below, the Foreign Trade Corporation, the Technical

Import Department, the Economic Development Cor-

or municipal level, are the various industrial bureaux, such as those of Machine-Building, Chemicals or Build-

deals.

Under these bureaux or corporations here are numerous industrial corporations which may have trading authority only for exporting, or cover production and distribution but cannot conduct foreign trade. Below are countless enterprises, a very few of which may be able to import and export if they are particularly terres. larly large.

In the current climate of more direct contacts between foreign businessmen and end-users, it is more common for decisions on technology and equipment requirements to be made at enterprise level and lobbying applied upwards through the hierarchy until a decision is made at higher levels, such as by the Municirevers, such as by the municipal Economic Commission in Tianjin, for instance, after which one of the foreign trade liaison organisations, such as TITIC or TEDC in Tianjin, may help with recentlations

negotiations. This description cannot be taken as anything but a rough guide. Although in theory the functions of these various organisations may be explicit and distinct, in practice there may be quite a degree of

This is growing as more economic authority is delegated downwards from Bei-

d riveiry.

Routes in

So much forthe question of whom to make contacts with, As for how to make them, there are several avenues which are probably best attempted in combination. The Chinese themselves have for two or more years now been both contacting more nies abroad directly and distributing, generally on a provincial or city basis, long project lists of import requirements mainly for upgrading factories.

These vary form the fairly sophisticated to requests such foreign partner for pasture ...development," and it is diffienit to asses their value as a whole. These lists are also frequently tied to "Investment Symposia" held in China.

Possibly more producthive is involvement in an inward mission of Chinese to the UK, many of which represent a particular industrial corporation from a particular area. Programmes for such mission are freuently arranged by the Sino-British Trade Council, the 48 Group or the Central Office of Information. Those interested should keep in contact with these bodies, and also with the Commercial Office of the Chinese Embassy

Exhibitions held in Cl-71a are also worth consideration. Although they are unlikely to fill order books on the spot, contacts can be made with the Chinese audience, many of whom may have come from distant areas to visit the exhibition the CCPTT has recently said it is to held more exhibitions in less fre-uently visited inland areas. Lastly, the companies may

find it worth theirw hile to employ a Hong Kong agent, many of whom enjoy close relations with a particular ministryo ig eographical area. While it is inevitable that a company wishingt o invest in or sell to China will have to visit at least once and probably invite the Chinese partners to the UK, the agent can eliminate some of the costly toing and froing, Some may mourn the lost

simplicity of the old days. Trading wit h China now is certainly more complicated, and as increased authority is given to the provinces and municipalitiest o initiate and approve projects, they are falling overthemselves to offer "special conditions" to foreign

Ground rules and key information

North China (including Balting) — Winters very sold (-4°C-0°C), generally dry, some snow. Likely high winds and occasional dust storms in Spring, Summer can be very hot (24°C-28°C) and humid, with rains July-August. Autumns are warm, dry and very pleasant.

South China—Very hot and humid for at least the six summer

months, although winters can be quite cold with frosts as far south

Normal business suit and tie, with open-neghed shirts and safari suits acceptable in summer. Dinner lackeds never required (nor long dresses for women) unless for an important embasty function. Women's dress also smart and simple, with overexposure of skin inadvisable.

Greenwich Mean Time plus eight hours.

LANGUAGE
Official language spoken throughout China is Standard
Chinese (Mandarin). Cantonese is also spoken widely in the
south. Other languages spoken include Shanghainese and numerous dialects, but the foreigner will rarely encounter any of these. ENTRY REQUIREMENTS

Visas mandatory and obtainable through Chinase embassics and consulates world-wide. For the businessman rather than the tourist on a package trip for whom the formalities will be arranged by the tour operators, before a visa is issued an invitation must be obtained from a Chinese organization which is then the visitor's official sponsor, and which in theory bears the responsibility of organizing the visitor's travel and accommodation within China. Invitations and visas should be requested several weeks in advance of departure, but can be obtained within around 48 hours if applied for through the China International Travel Service (CITS) or the Chinese Visa Office in Hong Kong. All entrants will be required to fill in customs forms and to re-export items such as cameras and watches.

There are no compulsory vaccinations except for visitors from epidemic areas, but the standard typhoid-TAB, smallpox, cholera, hepatitis etc are advisable, as are malaria and yellow fever if travelling in some southern areas in summer. Foreigners falling ill in China will be expected to pay for medical treatment. Western medicines are not generally available in the shops. AIR TRAVEL

The national airline is CAAC (Civil Aviation Administration The national airline is CAAC (Civil Aviation Administration of China), with a monopoly on all internal routes and flying some international routes. International airlines flying into China (mostly into Beijing) include British Airways, JAL, Air France, Swissair. PIA, Aeroffet and Philippine Airlines. There are also direct flights from Hong Kong to Beijing, Tianjin, Shanghai, Guangzhou, Nanjing and other cities.

There are various CAAC booking effices abroad, but as yet these can only book international CAAC flights.

There are major ports all down China's coastline, and ferries travel from Hong Kong to Shanghai, Xiamen and Guangzhou, with hoverferry services to Shekou (in Shenzhen Special Economic Zone) and Jiuzhou (in Zhuhai Special Economic Zone). TRAVEL WITHIN CHINA

Travel permits are no longer required for 30 major cities, but outside these a host organisation must ensure the issue of a travel permit through the local Public Security Office, for which there may be a small fee.

There is an extensive rail network, with tickets bookable at local travel agency (Luxingshe), offices and most hotels. Foreigners will be expected to travel first class.

There is a direct line from Hong Kong to Guangshou, which takes three hours. BUSES/TAXIS

Buses—apart from bicycles—are the major method of transport for the Chinese and are not generally frequented by foreigners. Taxis are available, but in high demand, at all the major hotels and other venues used by foreigners. Self-driving of cars is not permitted, but cars and mini-buses with drivers aup-

CURRENCIES AND BANKS

The domestic Chinese unit of currency in the Yuan or Renminbi (dollar), and currently Yuan 2.70=U.S.\$1, although the rate fluctuates daily, posted by the Bank of China, the countries foreign exchange bank. Foreign currencies cannot be used for transactions within China. The foreigner is instead expected to purchase foreign exchange certificates with foreign currency, which are valid in all

hotels, shops, taxis, restaurants etc catering to foreigners. is unlikely that the the domestic currency, although this in theory may be used in places normally frequented by domestic Chinese. It is illegal to export Renminol, but foreign exchange certificates may be exported or deposited in the Bank of China for later use.

Travellers cheques in principal denominations issued by the

Travellers' cheques in principal denominations issued by the major institutions are acceptable, and both travellers' cheques and foreign exchange can be imported in unlimited amounts. Major credit cards including American Express, Diner's Club, JCB, Master Charge/Visa etc are taken in principal hotels, restaurants and shops used by foreigners.

Banking hours are 09.00-12.00, 13.30-17.00 hrs., with some local variations.

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HOTELS

Beijing: The Great Wall (large modern hotel, bookable direct—telex 22005 GWHBJ CN or through Allport Travel 01.935 4428). The Lido (modern hotel, bookable direct—telex 22613 LIDOH CN). The Jianguo (smaller modern hotel, also, bookable direct—telex 22439 GJHBJ CN, or through the Peninsula Group). Others include the Beijing Hotel, the Fragrant Hills, the Xinqiao, the Qianmen, the He Ping (Peace), the Minzu (Nationalities), the Youyi Binguan (Friendship), the Huadu, the Yanjing.

Shanghai: The He Ping (Peace). The Jinjiang (which also has a club well-known to many foreigners). The Park, The Hongqiao, The Shanghai.

Hongqiao. The Shanghai.

Guangzhou: The Dongfang (old favourite of Canton Fair traders). The White Swan (modern high-rise hotel on Shamian Island, bookable direct—telex 44149 WSH CN). The China Hotel (recently built, bookable direct—telex 44388 CHLGZ CN). The Garden (open November, bookable direct—telex 44788 GDHTL. CN, or through the Peninsula Group). The Lluhua: The Baiyan. New hotels are as indicated above; others are renovated to varying extents. Hotel accommodation is in very short supply and the visitor is unlikely to have any choice of hotel and will usually be directed to the newest and most expensive. Prices have jumped over the past couple of years and a single room at the Great Wall in Beiling is over Yuan 200 per night. Western food (of varying quality) is available in the larger or new hotels. Staff are forbidden to accept tips. FLECTRICITY

220-240 volts, AC, 50 cycles. MEALTIMES

Lunch: noon. Dinner: 18.36-19.30 until around 21.00 hrs. If entertaining Chinese guests to dinner, it should be remembered that they prefer to est early.

TELECOMBUNICATIONS

Automatic dialling within the country is available from all major cities, and from Guangzhou to Hong Kong, but otherwise international calls should be booked. The system is generally not up to demand and long waits can be expected. International calls and cables can also be sent from major post offices. Telex facilities are available in most hotels. are available in most hotels.

GOVERNMENT AND BUSINESS HOURS

08.00-12.00, 14.00-18.00 hrs. Monday-Friday, 08.00-12.00 hrs. BUSINESS CARDS ------

These are indispensable and should be translated into Chinese (simplified characters) on the reverse side.

USEFUL ADDRESSES

USEFUL ADDRESSES

In China: China Council for the Promotion of International Trade (CCPIT), Fuxingmenwai Dajie, Beijing, Tel. 386804. Telex 22315 CCPIT CN. China International Trust and Investment Corporation (CTTIC). 2 Qianmen Dong Dajie, Beijing, Tel. 578181. Telex 22305 CITIC CN. Ministry of Foreign Reconcute Relations and Trade (MFERT). 2 Dongchangile, Beijing, Tel. 583081. 556631. Telex 22168 MFTPK CN. Bank of China. 17 Xijiaominxiang, Beijing, Tel. 538521. Telex 22254, 22368 BCHO CN. China International Travel Service, 8 Dong Changanite, Beijing Tel. 551826. Telex 22350 CTSH CN. British Bankess, 11 Guang Hua Lu, Jianguomenwai, Beijing, Tel. 532961. (4 lipes). Telex 22191 PRDRM CN.

In the UK: Commercial Office of the Chinese Embassy, 56-50 Lancaster Gate, London W2 3NG. Tel. 21-262 0258. Telex 394440 CLEFSL G (is also the address of the various important corporations). The Sino-British Trade Council, 5th Floor, Above House, 15 Wilton Road, London SW1. 1LT. Tel. 01-225 11577. Telex 22489 SBTC G. The China Unit, Department of Trade and Industry, 1 Victoria Street, London SW1. Tel. 01-215 5278 (Laine and South Asia). The 49 Group of British Traders with China, 54 Rosebery Avenue, London EGI. Tel. 91-537 2223/7810. GAAC, 5A White Horse Street, London W1Y 7LA. Tel. 01-499 7801. Telex 263114 CAAC UK. China National Tourist Office. 4 Glentworth Street, London NWI. Tel. 01-935 9427. Telex 201221

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poration (TEDC) and the Tianjin FTIC (TTTIC).
Under these various umbrella organisations, whether they be at provincial

Problems of extent and applicability remain

Law STANLEY LUBMAN

CHINA'S economic law-makers are continuing to establish a framework for foreign trade and investment. However, the certainty and predictability which the new laws are intended to foster could be undercut by administrative confusion which may result from new reforms of the foreign trade bureau-

The legal vacuum in which the China trade was formerly new legal regime is being created to facilitate transactions, sometimes large, for the transfer of technology and capital. New laws on foreign mic contracts are expected to be added to legislation on equity joint ventures, taxation of foreign economic activity in China and, most recently, patents. The work of creating a domestic legal system is also continuing, and at least general principles may appear soon on property ownership and succes-sion.

Common pattern

However, these first attempts cannot regulate in great detail the complex transactions which are now possible. Many issues must be negoiated and carefully addressed in contracts. A common pattern in Chinese law-making has ben the appearance of very general, sometimes skeletal laws, followed later by more detailed implement-bregulations. Ofen too, new legisla-tion is "provisional" or tion is "provisional" or "interim." Moreover, practice has neither been uniform nor

readily ascertainable.

Problems remain in determining the scope and applicability of new laws. Foreign investors sometimes find that eager Chinese partners may offer to make arrangements that seem inconsistent with the new laws. Also, although the growing volume of promulgated legislation is impressive, a body of rules of indeterminate size

continues to guide the conduct of officials in their negotiations with foreigners, but remain "internal" and only accessible to the officials. Mr Gu Ming, deputy secretary general of The State Council and head of its mic legislation research economic legislation research centre, has repeatedly told audiences in China and abroad that foreigners cannot be expected to obey laws whose contents they do not know. Nonetheless, it still remains difficult to ascertain the content of some rules, and even more difficult to unearth information about administrative interpretaabout administrative interpreta-tions of published rules.

Reforms announced

Changes in policy continue to affect the legal system, and recently announced administrative reforms may, at least in the short-term, seriously im-pinge on foreigners' transactions in China. "Laxer laws to attract foreign technology," proclaimed the lead headline in the China Danly on October 13. The news item thus introduced went on to say that new laws would "end the monopoly of foreign trade by bureaucratic companies" as local governments and enterprises would be granted the power to engage in foreign trade transactions directly with foreigners. Although there would be some "duplications and waste," stated a spokesman for the State Economic Commission, "the benefits of introducing advanced technology more quickly would outweigh losses."

Recent experience suggests the problems that may arise: in 1979, the highly centralised system modelled after the Soivet one was decentralised, producing competition among provinces and cities and confusion about their authority to sign contracts without obtaining approval from Beijing. Only slowly did partial recetralisation

restore order. restore order.

Also, within the last 12 months domestic economic reforms produced a phenomenon previously almost unheard of in the Chinese sellers refused to honour contracts signed last Autumn unless their foreign customers agreed to pay higher

prices on goods which had not yet been delivered.

Some enterprises which had previously been required by state plans to export their goods were given discretion over where to sell and chose to sell on the domestic market, where quality standards are less stringent and prices sometimes higher. Foreign trade corporations were embarrassed, and ations were embarrassed, and protests made to the Ministry of Foreign Economic Relations and Trade (Mofert) and to Chinese commercial attaches in

Europe and the U.S. Hong Kong buyers were hard-hit. The latest reforms may go further than the previous ones. Already announced has been the intention to separate the state foreign trade corporations from Mofert, supposedly to run them as businesses. In addition, 14 cities are to be granted greater autonomy in signing contracts for equity joint ventures with foreigners. The re-forms announced in the China Daily on October 13 signal even greater decentralisation.

New companies are appear-ing briskly and offering to do business. A noticeable develop-ment has been the creation of commercial organisations by research institutes, many of which have small factories attached to them They may have high hopes, but they also have little experience.

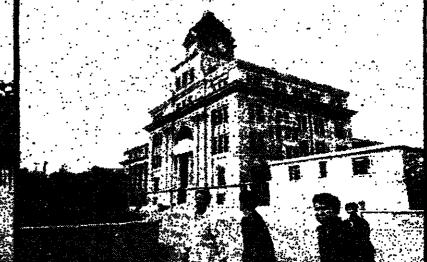
International trade

Foreign traders may find that goods which they obtained previously from Mofert-run cor-porations may be diverted to newly established or authorised entrepreneurs with a bent for international trade Foreigners who want to invest or explore technology transfer are likely to have a bewildering assortment of would-be partners anxious to make deals but without the capacity to follow up on their contracts.

Much will depend on whether

Mofert and provincial and municipal authorities can exert control without stifling initiative In the meantime, emerg-ing Chinese legal institutions may be too fragile to avoid being injured by the promised





new offices are being located in hotels but prices are constantly escalating. RIGHT: Headquarters of the Bank of China, which with other leading government units vets foreign applications to set up business in the country

Patience is the vital commodity

Setting up an Office MARK BAKER

ONE of the first steps to establishing a busines office in China is to remember that the Chinese invented bureaucracy and have now refined it to national art form.

Another thing to keep in mind is that the Chinese bureaucracy views every foreigner as the owner of a bottomless well of foreign exchange, and every foreign company as in the business of

philanthropy.
You must bring to China bountiful reserves of patience. good humour and cash. No matter how many friends you think you have in China, how powerful they might appear, it is the great, grey inggernaut of the bureaucracy that really runs the country. It is when you come to establish your Chinese base that its tentacles descend, dissolving the warm memories of all those smiles and handshakes, banquets and moutai toasts of the honeymoon before you signed the deal.

It can now be substantially more expensive to establish and operate a basic representative office in Peking than in

of grossly inflated rentals and wages (compared with local pay rates), new arrivals face chronic bureaucratic inefficiency, conflicting regulatory authorities and very restrictive operating conditions.

Despite these logistical and often uncertain commercial prospects, about 800 foreign

Despite these logistical and often uncertain commercial prospects, about 800 foreign representatives offices had been established in China by early this year—three quarter of them

in Peking.

The first step for all these equity joint-venturers, con-tractors, bankers and traders has been to find a Chinese enter-prise to be their partner or sponsor them through the administrative maze.

administrative maze.

The vast majority of the commercial foreigners in Peking operate one-man representative offices which are barred from engaging directly in profit-making activities. Their work is restricted to liaison work, consulting, market research and general information-gathering. They are not allowed to sign contracts or receive fees or Such representative offices other income within China. must register with the state administration for industry and commerce (SAIC). The Chinese sponsor or host organisation assists with registration formalities, as well as helping

and essions clearances. Depending on the nature of their business, newcomers must be approved by either the trade ministry, the Bank of China, the Ministry of Communications

each resident representative. The reigstration must be renewed each year after payment of another Yuan 300 along with detailed reports on what the office has done during the previous year. For financial institutions, the registration petiod is three years, with three-year renewals.

Imported duty free

year renewals.

The office and representatives must be registered also with the public security, customs and tax authorities, office materials and personal effects may be imported duty free for an initial six-month period But there is duty or the reserver there is duty and tax of more than 90 per cent on some major items, including motor vehicles and video recorders.

The greatest expense and complication is in obtaining office space and residential accommodation.

Only diplomats, journalists and airline representatives may rent the reasonably priced apartments and offices within the three foreign residential must scramble for scarce and expensive space in hotels or the handful of other premises permitted by the authorities.

monthly rents range from Yuan 124 a square metre to Yuan 217 at the lavish new Great Wall Hotel.

These constantly escalating prices are likely to jump further still when the China International Trust and Investment Corporation (Citic) opens its 24-storey headquarters in the new year.

The building, the first modern office block constructed for the use of foreign firms, will be letting office space at about £32 per square metre a month
—a stiff competitor to top rents

central New York. Paris. London and Hong Kong.

Office staffing can also create considerable problems. Representative offices are effectively forced to hire all their assis-tants from a Government Agency, the Foreign Enterprise Service Corporation (Fesco). They are not allowed to use even foreign students or diplo-mats' spouses.

Fesco provides interpreters, secretarial and clerical staff, the handful of other premises drivers, housemaids, even dance distance of about 10 kilome ermitted by the authorities.

The ceapest office space is in teachers. But foreign offices still forced to pay Yuan everal grubby Soviet-built have no choice in the selection for the simple removal job.

pay these salaries direct to Fesco and the staff usually re-

the money paid.

The magazine "China Business Review," published by the National Council for U.S.-China Trade, estimated in April this year that foreign companies must spend in the range of \$35,000 to \$180,000, excluding salary and benefits, to maintain a representative office in China

with one expatriate staffer. The magazine said it was not divisional corporations to spend more than \$1m a year "trying"

to do business with China.

The general calculations do not, of course, include some of the hidden charges which are often foisted upon unsuspecting foreigners by different sections of the bureaucracy.

A Western mining company representative was recently forced, by a sudden jump in rent, to move from accommodation in the grounds of the Summer Palace to a more modest hotel. He was quoted Yuan 9,000 to move his belongings a distance of about 10 kilometres. Despite great protests, he was



China North Industries Corporation

China North Industries Corporation (NORINCO), a comprehensive state enterprise integrating manufacturing and trade, is an independent commercial corporate body operating under the guidance of the government departments concerned.

NORINCO'S factories and institutions have a powerful economic and technical foundation and an enormous capacity in production. With its unique technical capability and immense commercial strength, NORINCO wishes to establish and develop wide-ranging technical and commercial cooperation and to promote business relations with friendly commercial organizations and individuals all over the world.

NORINCO has its headquarters in Beijing and five branches in Guangzhou, Shenzhen, Dalian, Tianjin and Shanghai respectively.

NORINCO engages in wide-ranging business activities, including the following main areas:

I. Heavy Industry

The factories and institutions operated by NORINCO own high precision heavy-duty metal-cutting machines, press-working equipment, metal forming equipment, melting furnaces as well as other equipment for manufacturing various complex metal parts and metal blanks such as steel castings, iron castings, investment castings, finish forgings, die forgings and free forgings.

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II. Light Industry and Chemical Industry

NORINCO'S light industrial factories and chemical plants possess up-to-date chemical processing equipment and utilize advanced methods. They produce different kinds of high-quality products including chemicals, high polymer materials, paints and coatings, explosives and related items, plastic products, labour safety devices and other light industrial products.

III. High Precision Machinery, Optical and Optical-Electronic Industries

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NORINCO wishes to develop business relations with firms, enterprises, commercial organizations and individuals the world over. In addition to export trade encompassing the above-mentioned products, NORINCO welcomes orders to process materials or assemble components supplied by foreign companies. Moreover, NORINCO strongly encourages compensation trade and joint ventures. NORINCO also contracts for the design of engineering projects, consultation services in engineering and translation and printing of technical documentation.

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The old school tie back in fashion

Groundroots of the Chinese education system, the nursery school. Almost all of the nation's mothers have a job outside the home, with the nursery school playing the dual role of minder an

Schools and Universities

CHINA 8

COLINA MACDOUGALL

"YES, we've got some students from one of Canton's "key schools." the No. 2 Middle School," said Mr Liu Dawei, Deputy Director of the Foreign Affairs Office of Jiaotong, at Xian in Shaanxi

tutor speaking of Eton or

chances of getting to university, under Deng Xianping a good especially a key one, were slim if you hadn't made it to a key interesting life and possibly middle school (middle being trips abroad, the chinese term for secondry). is just beginning to produce Why anyone should bother is some of the trained minds the

than intellectuals. A young teachers. Xian market from the back of beyond in Shaanxi province was ate. The "key schools" system was introduced about five years Province, one of China's ten "key universities."

"We have contact with many of the key schools," he said sounding like an "Oxbridge" they were labelled in the school is impressive, an attractional sounding like an "Oxbridge" they were labelled in the school is impressive, an attraction of the series of the s

Elitism is the name of the residual respect for intellectual memorial. It has a sports where many of these teenagers 15,000 by the end of this game in China's education rooted in Chinese culture, and ground (small by English stantoday. Mr Liu agreed that your achievement remains deeply dards) and a brand new science and engineering. This elitist education policy

surprising when there must be country needs for its moderni-millions of peasants and sation. It is also pushing for workers who earn far more more money and status for sation. It is also pushing for more money and status for The elitism is quite deliber-

Cultural Revolution, have had tive series of buildings set on a hard time in China. But a hillside near the Sun Yat Sen

up the number of pupils getting places from 14 per cent to 90 per cent," said Mr Chiang Zhileng, school manager and party boss. "With extra coaching for the slow ones, we hope to make it 100 per cent next

The school has a stiff entrance exam. Naturally the consequence is that only 35 per consequence is that only 35 per cent of the intake comes from worker families, compared to 70 per cent in the normal schools. The rest are split more or less evenly over cadres, intellectuals (in this context, while collar jobs), small businessmen and former capitalists, Mr Chiang said, adding that a few suburban peasants came in under the last category.

Jiaotong was the first university to get one of the \$2m Honeywell DPS 3 medium-sized computers, funded by the world Bank, and the government used it to process the national census figures.

The day we visited, the camputer room was full of bright-eved maths and engineering students, a totally addifferent breed from the traditional

under the last category.

For such a high-pressure establishment, the teenagers fooling about on the sports ground seemed surprisingly normal. The last two periods every day are devoted to games (volleyball and the like) and the school corridors were full

of chattering groups eager to practice their English. It is planned to grow from best to deploy trained man-Jiaotong university in Xian, the present 8,000 students to power

building costing Yuan 400,000 Founded in Shanghai, in 1898,
"The nationwide university its an old university but moved entrance exam system began in to a new home in Xian in 1956 1977, since when we've stepped to help develop inland China, up the number of pupils The university can choose its restrict an electric form 14 per cent own students from all over the country. "We don't pay much attention to political background" said Mr Liu. "What

Brighteyed students

matters are exam results."

Jiaotong was the first univer-

breed from the traditional middle-aged cadres from the university's Foreign Affairs Office who were escorting us. The university has set up computer science as a degree

course independent of the earlier electronics course, and is expanding its modern science departments.

To fund these projects, the

university gets Yuan70-80m a year from state. Is this money well spent in terms of what graduates are then able to con-tribute to modernisation? "In the last couple of years, they we been able to go on to suitable jobs," said Mr Liu. "If they don't like them, they can ask for a change within six months. If they write to us, we can help them." graduates are then able to con-

Mr Lin's colleague Mr Yan Ciming laughed aloud at this. in the past, and probably still, intellectuals have had little pull with government officials.

Teachers pay has been a measure of this — at Yuan 150 per mouth for a full professor it is way believed what many other workers can now bring home. "The government has produced a draft plan for salaries, which we're now discussing," said Mr Liu. "We should get a decision next year," With this better pay and conditions which will enhance their status, academics should have more influence on how

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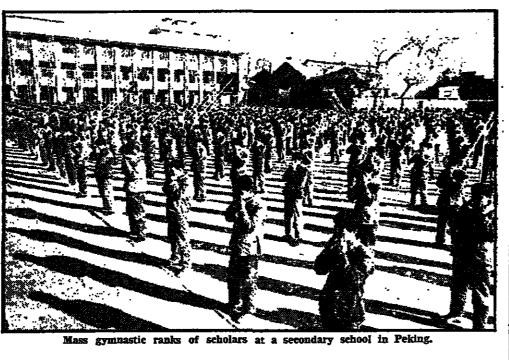
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Painfully slow moves away from bureaucracy

Management COLINA MACDOUGALL

"I GOT 20 telexes in one day,"

said the Chinese manager crossly to his foreign opposite "How do you expect to cope with so much "Cash flow? What's that?"

said another.
"Leasing? If we lease equipment we'll end up paying more for it and we still won't own for it and we still won't own it, and we still won't own it, commented a third.

"Every time I make a photo-

China still has a long way to go in improving management. Simple office procedure is immensely cumbersome and the planning and administration of large schemes hopelessly in would have the same effect. In adequate. In China, the further any case they probably fear the you go from outside influences the more rigid the management,

the legacy of years of Soviet influence and centuries of

Inefficiency

bureaucracy.

Peking has woken up to the problem and has begun to spring-clean the Government and the party. Year after year, starting from 1979, the premier's report at the National People's Congress has castigated the waste and inefficiency in factories and offices. Yet progress goes on at a snail's

In Nanhai East, the Canton subsidiary of the China National Offshore Oil Corporation, which college at Dalian in Lizoning, is in charge of offshore drilling set up with U.S. help several in the eastern section of the South China Sea, Mr Zhao Rongfa, Deputy Director of the

system reform." In the con-struction companies working for foreign joint venture staff in Canton, total disorganisation reigns as painters arrive before plasterers, plasterers before electricians.

The problem for China is so vast that it's difficult to know where to begin. The main route the Chinese have chosen is to encourage foreigners to go into joint equity ventures with them so that when they get the technology (for oil, electronics or hotel management) the foreign side shows them how to make best use of it.

Possibly the Chinese could

copy. I have to get written permission from the deputy prises. However, they seem manager," said a junior member convinced that no foreigner would work well unless his own business interests were directly

involved. They appear not to have thought about what other incen-tives they could provide which irruption of foreigners on to the domestic scene would carry unwanted overtones of

colonialism. A few tentative steps have been taken in importing managers in Guangdong province— where for instance a Hong Kong supervisor checks quality at the Chen Cun garment assembly plant outside Canton—but Guangdong is far in advance of other regions because of its proximity to Hong Kong.

Other gradual progress has started there. Foreign oil com-panies based in Guangdong say their meetings with the Chinese have become much more frequent and less formal.

China has one management years ago. But its influence is extremely limited because of the size of the country and the General Manager's office, is lack of serious interest in and waste that Peking would still "studying our country's business studies elsewhere. like to abolish.

In Canton, for instance, the Overseas Chinese University has what is said to be one of the leges in the country, but although business studies are taught it is mainly the Over-seas Chinese students, who form 70 per cent of the univer-sity's pupils, who take the course. The locals study central planning instead.

Little contact

The university sent staff to Dalian for training when it first started, but since then there appears to have been little con-tact. This year only one man is going, and he will be looking at the library, not taking courses. At Jiaotong University in

Xian the situation is similar. Admittedly it specialises in science and technology, but as one of China's 10 "key schools" one would expect at least an accounting course as part of the teaching of plant management. "There isn't one," said Mr Liu Dawei, deputy director of the university's Foreign Affairs Office.

"In the management en-gineering course, we teach foreign and Chinese plant management," said Mr Liu. "It includes maths, physics. chemistry, engineering, computer science. theory of control and systems engineering. Our students have foreign material in the library,'

not altogether This accurate. Although the post graduate library foreign metallurgy journals and similar, there appeared to no management texts. Undergraduate students are not allowed to use the foreign library.

"Our students gain experience in Chinese factories,' explained Mr Liu. Sadly, this seems likely to perpetuate the very traditions of bureaucracy



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generally lower and investors can negotiate most contracts directly with local officials, avoiding the "red tape" of seeking approval from higher

authorities in Peking.

The development of the zones is a massive commitment by

Fencing in ideological problem

Shenzhen MARK BAKER

CHINA is building a new wall. It stretches through the hill country north of Hong Kong: a three-metre high barrier of steel mesh topped by triple strands of barbed wire. It has shoodlights every 50 metres and familities for a 24-hour guard of police and military units. When it is put into operation later this year, the new boundary will not be protecting the territorial integrity of China. Its purpose is to divide the citizens of China and it will be as arbitrary as the Berlin Wall. CHINA is building a new wall

as arbitrary as the Berlin Wall.
The fence runs as close as
10 kilometres to a similar high
barrier that defines the boundary of the British colony of
Hong Kong. The 327 square
kilometre strip of territory in
between is the Shenzhen special
economic zone

Six years ago Shenzhen was a quiet valley of rice paddies, sleepy villages and fishing in-lets. Its total population was about 30.000 and the tallest building was two storeys, Apart from being the route by which many mainland Chinese attempted to sneak into Hong Kong, nice lychees were about all it was known for.
Today Shenzhen is a bursting

metropolis of 350,000 people. Its central business district is a nest of skyscrapers, some over 40 storeys, and factories are sprouting across the old farming land. There is a big port, a nuclear power station is being constructed on the eastern boundary, work has started on a six-lane motorway to Canton and plans have been approved for an international airport.

Shenzhen is the biggest of China's four special economic gones (SEZs), the "open doors" of China's hold policy to speed modernisation by embracing Western capital, technology and president approaches. business expertise. It is the most tangible evidence of the Chinese leadership's commit-ment to embracing capitalist methods to achieve its socialist

Prosperity

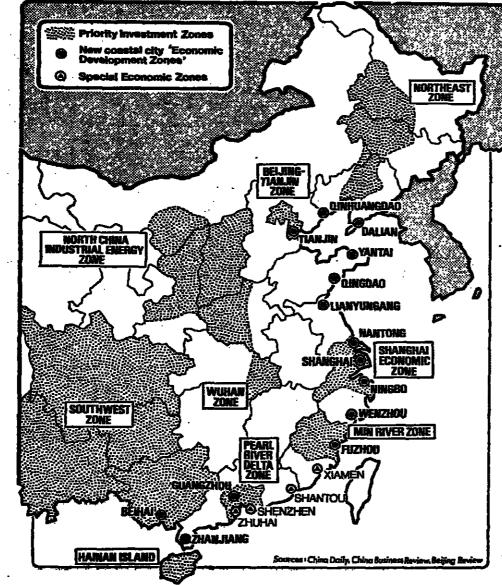
Shenzhen is also presented by the Chinese leadership as proof that they can and will preserve the stability and prosperity of Hong Kong after the British depart in 1997. That pledge has created enormous logistic and ideological problems for the Chinese Communist leaders, problems obvious siready in

One of the short-term morally conservative Com-

operation. Shenzhen will be sealed off from the rest of China as effectively as Hong Kong is now. No ordinary Chinese will be allowed in without a reason and a permit. Once the territory is secure.

Peking plans to create an industrial and commercial centre
more capitalist and unfettered
than Spenshen is already. The more capitalist and unfettered than Shenzhen is already. The new city has become a magnet to Chinese from Canton, from rural areas of the surrounding Guangdong Province and prices will be lifted and, as fer as the Chinese are concerned, there will be minimal control on movement between the area and Hong Kong.

But the fence is as much a The new city has become a magnet to Chinese from Canton, from rural areas of the surrounding Guangdong Province and from more distant parts of China, especially the young. In the streets of downtown Shenzhen materialism rules. Young lovers preen and parade in make-up and mini skirts and



symbol of China's nervousness about the radical economic policies it has adopted as it is

SEZs and in 14 cities along the eastern coast recently given new freedoms to negotiate foreign investment. China is attempting to emulate the

been to try to justify in terms of socialist theory the use of such patently capitalist methods. The other, probably greater problem is how can you allow such a great influx of Western ideas, riches and technology without undermining what is still a poor, regimented and

The speed of change will need more than barbed wire and armed guards to quarantine its economic experiment. Shenzhen has already become glamour to people throughout China, second only to the materialist Nirvana of Hong

Kong.
The new city has become a

fake designer jeans. Youths in earlier this year he gave an leather clothing and reflective unequivocal endorsement to the sunglasses ride imported motor- zones — and to the longer-term

Glittering department stores of chrome, mirror glass and plush carpet are crammed with Nikon cameras, microwave evens and foreign liquor and cigarettes.

Shenzhen is the only place in South East China where ple are allowed to tune into Hong Kong television. The Chinese authorities have

been alarmed by indications that criminal "Triad" groups from Hong Kong have moved into Shenzhen with small-scale rackets in smuggling, drugs and illegal migration.

Decadence

Shenzhen have hardened the door " policies within the Chinese hierarchy and given fuel to the small minority which is firmly opposed to the more liberal approach of China's leader, Mr Deng There has also been a strong

arbitrary division between Chinese people

Ininese people.

Differential prises are allowed to hire and But Mr Deng is undaunted by fire their own workers and such opposition. During a tour negotiate on wage levels. Land of Shenzhen and the other SEZs rentals and service charges are

hands off" strategy for Hong Kong — in a special inscription he left: "The economic develop-ment of Shenzhen proves that the policy to set up the SEZs is

That development, in Shen-ten, has been astonishing. China has already spent \$150 en infrastructure in Shen and more than \$400m has been spent and another \$20n committed by foreign investors to establishing new enterprises and industries in the zone. About 80 per cent of the foreign investment in joint ventures is by Hong Kong

Chinese, but there is an increas-ing amount from Japanese and Western businessmen. In the The signs of decadence in first half of this year, the four zones signed 353 agreements involving the use of \$268m about half of it in Shenzhen. China offers considerable incentives to attract the foreign and the 14 coastal cities. The -lower than Hong Kong and lobby, especially within the Guangdong Provincial Government, against the Shemken fence. It is argued that it is unfair and ideologically unacceptable to draw such an reduction in the surface very such an reduction in the surface very such an reduction in the surface very such as the surface ver three years of operation. Enter

China to its policy of opening to the West. But the Chinese leadership knows that without foreign co-operation it cannot achieve it's primary economic goal: to quadruple the value of the country's agricultural and industrial output by the turn of this century.

The leadership also knows that it must succeed in the zones to prove its credentials

for winning future, larger-scale foreign investment and to ensure the continuing prosperity of Hong Kong. The economies of the Colony and the zones, especially Shenzhen, are already heavily inter-dependent. Hong Kong provides Peking with a third of its foreign exchange earnings and is one of its most important

Diplomatic priority

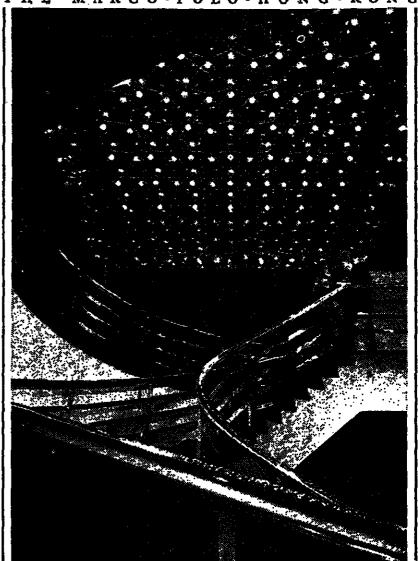
Hong Kong is the centreplece of both China's long-term economic strategy and its highest diplomatic priority: national reunification. Now that the agreement with Britain on the return of Hong Kong has been initialled, China has switched its effort to securing the return of what it regards as the other large piece of alienated Chinese

territory: Taiwan. The nationalist Government on Taiwan has for 35 years bolstered its fragile independence from the communist motherland by its vigorous success as a modern capitalist economy. The reunification Peking has falled to achieve through pleading and diplo-matic pressure, it now hopes to achieve by accommodating

itself to Taiwan's success.

The concept of "one country, two systems" which Peking has hatched to enable Hong Kong to continue for 50 years as an independent capitalist economy within Communist China, was embodied in the new Chinese constitution with Taiwan also

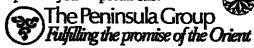
in mind.
It is a fantastic scheme, but one which makes it easier to understand why Mr Deng is prepared to accept a little Western decadence in Shenzhen, albeit behind the safety of a steel mesh fence. THE MARCO POLO HONG · KONG



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Open Door Policy ALAIN CASS

CHINA'S open-door policy marches on. Earlier this year 14 additional cities were opened to potential foreign investors. These include Dalian, Quinhuangdao, Tianjin, Yantai. Nantong, Nongbo, Shanghai, Baihai, Lianyungang, Wnzhou, Fuzhou, Guangahou

These cities along with the existing Special Economic Zones, will be given greater freedom to attract foreign investors by offering individual incentives. Already many of them are copying some of the major provinces and SEZs in preparage seminary for foreign busiing seminars for foreign busi-

The opening of the 14 cities The opening of the 14 cities took place, according to some reports, against some lingering left-wing opposition chiefly among senjor army officers. The move represents possibly the most important step forward in Deng Kisoping's open-door policy since the setting up of the first SEZ in 1979. An important meeting of the leader-ship was held around May to push through the setting up of the new foreign investment the new foreign investment zones. And it was at this meet-ing Deng's policies came under

Another important development has been the creation of a super-trade zone in the city of Chunqing, second capital of Sechuan, China's most populated province. The city has been given extraordinary privileges to deal directly with lines to deal directly with foreign investors, to trade with firms abroad without Dassing through either the provincial authorities or the relevant

ic relations. The major reason the city was

chosen appears to be the fact that Sechuan is the old stamping ground both of Deng and Premier Zhao Ziyang, chief ex-ponents of the open-door policy. To back up these kind of de-velopments the leadership has also sought to put some order into the state economic into the state economic hierarchy. The Ministry of Foreign Economic Relations and Trade (MFERT), first created in 1982 with the aim of consolidating two ministries and provid-ing greater central leadership in foreign investment and trade, has been slowly asserting its

Foreign technology

For instance MFERT's tech-For instance MFERT's technology import-export department plays a key role in the approval of foreign technology. There is a need for such a coordinating role since the proliferation of provincial and city export-import organisations competing not only with each other but also with the ministries still functioning in the field of foreign trade at national level.

China has also sought to flesh

China has also sought to flesh out its existing laws to reassure foreign trading partners. These are more fully discussed else-where in this survey. Briefly, however, they include details of the joint venture law first passed in 1979 and legislation covering company registration, labour management, SEZs, foreign enterprise taxation, exchange control, offshore oil and marine environment protection. A patent law and foreign contract regulations are on the point of being released.

This battery of reforms was

Central Bank by giving the People's Bank of China that status. This was done in two nationwide branches were organised into the new Indus-trial and Commercial Bank, in charge of the country's day-to-day banking business. Then the Bank was given authority to perform all the usual functions of a central hank such as issue currency, set credit ceilings and

act as the state's treasury. Quite what effect the new superbank will have on China's economic management and its relation with foreign countries, if any, remains unclear. The Bank of China, for instance, appears to retain responsibility for foreign trade, relations with foreign countries and inter-national organisations and so on. But observers saw it as yet another building block in the

leadership's attempt to present a more coherent and credible trading image. The result of all this reform is that China, today, is a much more complicated place to do business in than it has ever been. There are now dozens, possibly, hundreds of enter-prises, ministries, cities, and states or local agencies allowed to do business with foreigners. There are even, according to the Bank o fChina, some 18,000 individual Chinese citizens with

bank accounts totalling \$75m in foreign exchange ready and able to deal with foreign companies. As a result foreigners can now do business directly (at least in theory) with agencies operating at several levels. Things are also much more These include national foreign trade corporations, such as the Import - Export Corporation (Equimpex), which operate priorities and precisely who under individual ministeries; has "real" authority to do

ministries and, most important, added to earlier this year when ministerial bodies such as the to be directly responsible to the China established its own China National Petrochemical State Council for its foreign Central Bank by giving the Corporation (Sinopee), which has jurisdiction over 39 petrochemical industrial complexes This was done in two and answers directly to the First the Bank's State Council; national corpora-Insulators Joint Export Cor-poration, which only have authority to export; regional or China Najing Radio company; the provinces themselves and the new open cities.

Decentalisation

Despute the apparent benefits f this decentralisation trading is not as simple as it may sound. In practice it is not clear exactly who among this plethora of new bodies has authority to trade or authorise foreign investment directly other than major centres such as Shanghai, Guangdong, Beij-ing, Fujian, Tianjin and Chungqing. Neither is it entirely clear to many businessmen, who, precisely controls the release of foreign exchange. Nor, finally, is it obvious who has ultimate authority over product lines, as the battle between the China Automotive. Industry Corporation and Equimpex, the Import-Export Corporation, over foreign trade in cars demonstrates.

Said one diplomat: "In some ways it's easier doing business in China. There are more doors to knock on. It's also the

case that there are many more real opportunities for selling ant than ever for foreign busi-nessmen to be clear about their business with them,"

Lubricating Oil Base Stocks

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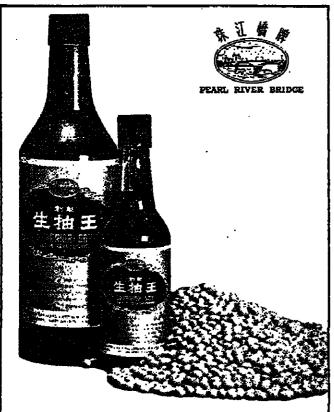
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Commercial genie set free from the bottle

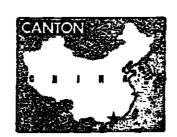
impossible to get a meal after 6 pm. Canton, one of the world's great river ports, is different. Along the lamplit waterfront opposite Shamian island customers eat at pave-

The length of the dinner hour is paralleled by the variety of the menu. Even the White Swan hotel, built with Hong Kong money and pride and joy of the city's modernisers, offers casserole of bat and braised sealion, while the huge free markets sell enchanting little monkeys destined for a gruesome death on the dinner table.

The Cantonese are among the world's liveliest and most com-mercial people, and private business and foreign investment Names and toreign investment have rocketed since 1979. Deng Xiaoping, China's leader, let a powerful genie out of its bottle in 1978 when he introduced economic flexibility. Guangdong generates 10 per cent of China's generates 10 per cent of China's foreign exchange earnings and ties with Hong Kong get thicker every month.

When Deng came to visit last spring, he was so impressed that he returned to Peking, called a meeting and at once raised the meeting and at these talsed the number of Chinese cities with special foreign trade privileges to 14 (two of them, Canton and Zhanjiang, in Guangdong).

Since then officials by the dozen from all over China have trooped through the province, said Prof Gu Nianliang of the Centre for Guangdong Social and Economic Development



A city genuinely different from others in China

Studies (Capton's thinktank). It's an example for all China. "Since 1978, workers' earnings have gone up by over 60 per cent to Yuan 1,022 (\$398) a year, and the farmers' earn-ings have more than doubled to Yuan 395," reported Prof Gu. "Annual farm and factory output has risen by more than 8 per cent a year."
"Canton is genuinely different

from other cities," said another official. "Things are so much easier here. For instance, a foreigner can just telephone for an appointment here. In other places you need permits in triplicate from the local Foreign Affairs Bureau before anyone will see you."

Canton and its hinterland have abundant advantages. The city is the natural commercial

city is the natural commercial railway to Zhanjiang, the oil port in south Guangdong, will be finished by 1986, and the city is pressing Hong Kong's

Yuan 3bn deal for a Canton-Hong Kong motorway. "We Hong Kong motorway. "We badly need it," confined vice-mayor Liu Lanzhou.

Colina MacDougall profiles Canton, China's most dynamic economic province.

"With 4,000 factories, we have a big industrial base," said vice-mayor Liu. "With oil offshore, the most likely new development seems to be petro-chemicals. We also want to develop smaller projects with medium - sized foreign com-

"We're already working on the seventh five-year plan, starting 1986," said Prof Gu. "Provincial projects may include an oil refinery at Shantou (an odd site, but that's where an Overseas Chinese investor wants it), a fertiliser plant on Hainan, a float glass plant at Shekou in the Shenzhen Sez (Special Economic Zone), and factories in Canton making colour television tubes integrated circuits vision tubes, integrated circuits and photocopiers."

Concessions offered

"We're planning a new industrial zone at Huangpu, down-stream of Canton," declared vice-mayor Liu. "This will have most of the concessions offered by the Sez. The final area is expected to be 50 sq km, but we are starting with just 2 sq km."

Last year the province earned Last year the province earned US\$2.3bn in exports, and this year's total is expected to be higher. It has already attracted 723 co-operative ventures, 158 joint ventures, and 55 wholly foreign-owned ventures. Earnings from tourism last year



Symbol of an increased emphasis of free marke is. Cocoa Cola appears under both these labels within China

were estimated at about \$400m.
"All our hotels are packed," said vice-mayor Liu. Certainly the tens of thousands of Overseas Chinese and the local rela-tives who surge unremittingly through the new hotels and restaurants are impressive in mumber. But the sight increasingly prompts the question of how the Government will satisfy the locals' growing desires for comfort and fun.

In the rush hour one September morning, traffic at a Canton crossroads swept past a truck converted to an impromptu platform. On it stood half a dozen dejected looking charac-ters under guard, while a

ters under guard, where a policeman reared out their evil doings through a megaphone.

"Economic criminals," said one passer by. "They won't be executed but they'll get long pirson sentences." No one paid much attention. The sare applied to the fresh posters. applied to the fresh posters announcing executions. In Can-ton they have other things to think about. Making money is

Eager to expand oil business

Mr Liu Lianzhu, quoting the words of a senior BP man. In his middle forties, married with a son in senior school, Mr Liu's humour must have hidden a touch of anxiety. He is one of the Canton municipality's officials in charge of oil development, and after a year's drilling BP has not found oil in commercial quantities. with a son in senior school

Mr Liu's career is typical of the younger officials now rising fast in China's more streamlined bureaucracy. In the usual southern cadre's rig of pale-bise shirt and beige trensers (but shoes and socks, not plastic sandals, as belits his stains), he chats easily and happily with foreigners.

Vice mayor for only 15 months, Mr Lieu was promoted from senior engineer in a machinery factory in Guangzhou. Born and bred in the city, he studied radio technelogy in Leaingrad between 1955 and 1960. He worked in Shandong for 10 years, un-scathed by the Cultural

expect to be using it again for a while," he said writy. ... This is my first experience of municipal administration," he said, "Fm responsible for industry, especially the oil business. Pve already had the

chance to travel to Italy, West Germany and Switzerland, Mr Liu is an accomplished politician. He denied that the corruption and smuggling which the Chinese leadership has continually attacked existed on any stale in Guanghou. His staff looked surprised, but Mr Liu knows such reports give the city a bad name.

Joint-venture basis

He is also eager to get more ell husiness. "We want te develop an all district in Guangahou," he said. "We hope to have an ell refinery processing 1.5m toms of crude ell, but we also need offshore servicies. Tell your offshore servicing companies that we are looking for partners, pre-

were any leftists in Guangaheu, teorgh other pro-vinces have been running a campaign for months to reeducate or dismiss thes relics of the Cultural Revolu

Keen to develop industry

ONE OF CHINA's richest men lives in a new four-storey outside Canton. With an annual income of around 30,000 yuan (around £9,000), he has a colour television on every floor and holidays with

his family all over China. Sadly, he was not available for interview the day I visited. He had taken his wife and children by taxi to a hot spring resort 80 kilometres

way.

Wang Ming is an expert gardener. Every balcony and ledge in his new dwelling is lined with young camellia trees—3,000 of them, selling at 3 yuan apiece. Outside is a plantation of issmine. On top of that, he runs the local state-owned plant nursery, for which he is paid 240 yuan a month plus profits. And three of his children have good jobs

in factories.
Like everyone else in China, he dates his prosperity from the end of 1978, when Deng Xiaoping took over. Before that he lived in grinding poverty on 40 yuan a month, with only the 15 camellias he was allowed to raise as a side-

Raising flowers The Chen Cun district (or

commune, as it was until recently), where he lives, had a 500-year-old tradition of raising flowers, but under the gang of four it had to grow

Now Chen Cun is reverting, Camellias, Jasmine and decorative Orange trees are the most profitable crops. The jasmine supplies a local teaprocessing plant where the flowers are added to Jiangsu

tea. Chen Cun lies in the fertile county, adjoining Canton.
When in 1979 Peking switched to a flexible economic policy, it was well-placed to start up a luxury trade and diversify into light industry.

dustry.
"The policy change came in the nick of time," says Huang Guishen, director of the Chen Cun district. "We only have 3,000 hectares of cultivable land and a population of 58,000. The state was having to give us an extra 100 tons of food grain a year as our farmers were too poor



One of Canton's 4,000 factories, this time producing television

to buy grain themselves."

Now the rice acreage has been cut by more than half, and the land devoted to sugarcane, fish farming and flowers. Mr Huang plans to turn another 200 hectares over to the most profitable crop, the flowers.

At the same time, industry and business has rocketed. From 10 factories before 1979, the number has shot to 70. Anyone who wants can open a shop—last year over 1,000 people applied for a licence. Nearly four-fifths of the district's Yuan93m income now comes from factories and businesses.

"We're keen to develop

industry," says Mr Huang. "We've got three or four stone-cutting works and brick factories, but we'd like more. We're processing components from Canton and nearby Foshan, even from Hong Kong and Macao. We've set up joint ventures making ceiling tiles and assembling fan motors and cassettes."

Seventy per cent of Chen Cun's inhabitants have relatives in Hong Kong. "I have myself," says Mr Huang, adding swiftly, "not every-one's relatives are rich "But I've been to Hong Kong—I stayed in the YMCA." One joint project is

enough to set up a factory.

the Chen Cun garment factory, set up with Hong Kong's Sin Yie Company. In a long, light upstairs reom a hundred girls sit chattering while they machine anorak parts. Materials come from Hong Kong, and Chen Cun gets paid for processing. But, even in China, private business carries riaks. as Mrs.

business carries risks, as Mrs Ma Xlaohuan's family are finding out. Her husband and ma Alaonana's ramily are finding out. Her husband and two other men rent two trucks from the collective, for which they pay 1,000 yuan a year each. Last year they sold one of the trucks because it broke down once too often, replacing it with a new one.

They are still paying off the

has gone into a decline. "There are 170 trucks here," says Mrs Ma, "There's not enough work. A lot of farmers now have their own, and over-seas Chinese have given trucks to the district admini-

stration, so there's fierce composition.

"We can't take the goods very far, We drive to Canton, and they go on by train to the north or to Hong Kong. My husband has to work very hard, even though he gets 250 yuan a month, a good wage. We're certainly not thinking of expanding."

Business experience has to be learned the hard way. But Mr Huang the district direcfried that can be district affection has caught on very quickly. He charged the Financial Times 4 yuan as a consultation fee, for the time spent discussing his district. Cheque-book journalism has

Farmland gives way to flats, restaurants and hotels

EVEN in Canton, Mr Ou Zhunming is an unusual local party
secretary. He runs a three-floor
restaurant and he's about to
build a 26-storey hotel. Tanned
and rugged looking in his blue
jacket and grey trousers, he
officially manages what was a
brigade in a rural people's commune but both he and the commune have been overtaken by mune have been overtaken by

In Guangdong, communes are now called districts and pro-duction brigades are called townships—confusingly, because that's often not what they are. His brigade, or township, has been all but swallowed up in suburban Canton.

It was Sunday. Mr Ou was peacefully at home, in a spa-cious new traditional-style village house in the Liangxing township, in the Haizhu district south of the city. "My children have all gone to a wedding,"

The old village of Liangxing has been rebuilt and the muni-cipality has absorbed much of its farmland to build blocks of flats. Where there used to be a rural slum, there is now decent if utilitarian housing and a passable road

per cent were farmers who lost a yuan 600,000 profit.

their land to the municipality.

The restaurant was funded by that of industry, but the way we Haizhu is a developing area the collective and by individuals did it then wasn't altogether and the Canton mayor himself who are getting a 60 per cent suitable. I'm sure we've got it came to our ground-breaking return on their money over 10 right this time."

we picked four for a six-month training course, and then we'll take another batch.

"The hotel will have 500 rooms, three restaurants and a three storey shopping arcade. Our budget is for yuan 2.5m (\$973,500), some of it from our collective funds and some investment from the state. (We discussed making a park here, but the municipality was very keen on the hotel idea and it provided some funds.) With our budget, it's going to be a middle-class rather than a luxury hotel."

Jolly atmosphere

Across a busy road is the Across a busy road is the of our party in waging a long three storey restaurant the of our party in waging a long three storey runs. It and terrible liberation war was township already runs. It and terrible liberation war was reputedly has excellent food and a jolly atmosphere, since it's particularly the peasants' life,"

"We started to develop the locals. Until His hotel site, still a sea of three years ago the district was

years. "We shan't do this for the hotel, though," said Mr Ou. "It's been far too much trouble,"

"We've got a population of nearly 6,000 here," he went on. "Of the rest, a 1,000 work in industry. Our land is restricted, as we're so near the city. We've got a factory processing tapes for a U.S. company, and our production teams (as they were called then) started running small restaurants soon after 1979. However, we have to

create more jobs."

Mr Ou's relaxed manner when confronted unexpectedly by a foreign journalist at his front door is one sign of how far Guangdong, if not the rest of China, has changed in the last five years. In 1979 it was inconceivable that one should meet officials without an appointment and at their homes.
What did Mr Ou think of the new flexible policies? "As a

party member with long experience, I think the purpose

industries in the countryside in mud, adjoins the flats. "We still paddy fields so the com- had to find jobs for 800 people," munity remains very much a he pointed out. "Of those, 80 people, and to flats out. "Of those, 80 people, and to flats out. "Of those, 80 people, and to flats out." Of those, 80 people, and to flats out. The last out of the peak of the pe

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HYDROCHLORIDE C ₂₂ M ₂₄ N ₂ O ₂ ·NCI B.P. 1973	to Ska	(BIO) ₂ CO ₃ - ½ H ₂ O B.P.C. 1988 PROGLUMMIDE	kag 80kg		beg 20kg
SAYTHROMYON	tin Skp	CONTENT: 99% mm.	drum 20/25kg	AMINO-URACIL	rhowii C-
C ₃₇ H ₆₇ NO ₁₃ 8.P. 1973 DOXYCCRNE HCL	dnum 20/25kg	THEOPHYLLINE B.P. 1980, or U.S.P. XX	drum 25kg		drum 25kg
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CgHgO4 B.P. 1980 or U.S.P. XX	drum 25kg	THEOBROMMINE B.P. 1980	drum 25kg	L-CYSTINE C ₆ H ₁₂ N ₂ O ₆ S ₂ 90% min.	drum 20kg
ALUMINUM ASPIRIN C ₁₈ H ₁₅ AIO ₉ N.F. XIII	. drum 25kg	TRIMETHOPRIM B.P. 1980		LÉVÓDOPA	drum 20.125kg
CAFFÉINE CaH ₁₀ N ₄ O ₂ -H ₂ O		SULPHADIAZINE C ₁₀ H ₁₀ N _d O ₇ S B.P. 1980	keg 25kg	PROGLUMIDE C28H27CLF5NO 98%-nin.	tin Skar
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INOSITOL (CYCLOHEXANE-H) CoH12O6 N.F. XI	excul) dhum 25kg	C27H22O3 M.P. 195°C min.	tin 20kg	J.P. VIII SODIUM BENZQATE	drum 20) g drum 50) g

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Technocrat at the top in Shanghai

MR Ruan Chongwu, Shang-hai's senior vice-mayor in charge of the economy, is a former diplomat and looks the remer diplomat and looks the part. He spent four years in Boun as scientific and technical counsellor at the Chinese Embassy, speaks finent English and is expected to take over when the present mayor retires.

Elegantiy clad in a pale grey suit, with years of ex-perience in a Shanghai factory, he is one of China's up-and-coming young techno-erats. He ably defends the city against criticisms that it has been slow to sign up deals with foreign investors and modernise its economy.

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"We've got \$450m spread over about 35 enterprises so far," he says. "Four of these are pretty large—Pilkington, Volhswagen, McDonnell Doug-las and Belgian Bell, They're worth \$225m.

compared to the special economic zones, but 90 per cent of our revenue goes to the central government in Peking, while the Special Economic Zones pay no taxes. Shaughai contributes one-sixth of the national budget.... that's so vital to the rest of China that we must be cautious in making chages. look deeper for reasons why

"The central committee has decided to give Shanghai more flexibility and we're holding a meeting soon to take decisions. We've got two special development zones, Minhang and Hongqiao, and we badly need new hotels. Shanghai gets 6,000 business visitors a year."

Foreigners living in Shanghai agree that it has severe financial problems but look depeer for reasons why modernisation is slow. "Shanghai's been shand for so company to open shead for so long, officials have grown arrogent," some sity. "There are very strong entrenched interests in the industrial bureaueracy."

There are also the usual official conflicts of interest.

"If the economic construction office says its setting up three fish farms, the economic restructuring effect says," Great:

The neighbouring province

of Jiangen has now overthen Shanghal in output, and foreigners who have given up on Shanghal are putting their money there instead. In the years 1963-86 the city was allocated Silan worth of foreign exchange by Poking but they're far about of spending it. This is some indication of the spend of decision. "We have plans to modernise the reads with five new highways over the next five years" says Vice Mayor Ruan. "We also want to up housing construction by about 25 per cent. We're short of power, and plan a 1290 MW plant wear the Vanute month. plant near the Yangtse mouth plus an additional 350 MW at an existing power station.

By 1990 we should have our 300 MW nuclear plant at Qin Shan on streng." This sounds good but will materialise? "Don't think Shanghai people are lary,"
says Mr Ruan. "They're just
very therough, like the Germans. When they make an agreement, they stick to it. And den't forget Rong's richest millionnires are from Shanghai."



LEFT: New berths being built at Shanghal's No. 9 port.

Farmer on the way up

HE WAS a thin, shy lad of 21, munes in Shaanxi) as one of minding the cows while his their richest members. But father was out. The floor of the although he's able to build a father was out. The floor of the ramshackle house was beaten decent home at last, paying for earth. The family's sparse goods were in one room, the cows afford anything else, even a were in the other. The living quarters had an old cupboard, a table, a chair—and a ladder up to the cock loft where the family slept. "We only have meat a couple of times a month," said the youth. "We're saving our money to pay for itself a city of 3m inhabitants, our pew house."

ur new house." Ironically, the production This was the reality of the brigade lies close to the site of

processing factories in Xian. They earned Yuan 10,000 (\$3,900) this way last year, but one cow died and the motorcycle they bought to deliver the milk with was too small to carry the churns. The new house is costing Yuan 15,000 to build (it will have six rooms), compared with the Yuan 14,000 they hope to earn this year. When the house is finished,

centuries, of grinding poverty he had a skill (he had worked that preceded it.

Xie Hong's family have five cows, and sell the milk to food output and keep them fit). output and keep them fit).

The commune management is

anxiously looking for projects to employ other farmers to boost their incomes. They already have a fair number spread over their 18,000 members, but they must have more to keep up the pace of expansion. "None of us has relatives in Hong Kong," said office director Wang Chinzhuang with a touch of sadness. "But we do know someone who has a contact in Foshan, the native place of thousands of Overseas This was the reality of the new "responsibility system" in poor north-western China. With six dependents, Xie Hong's father had been in constant debt before the system was cautiously instituted in 1979, Now that he keeps cows, he's ment (they still call them com-

Bumper harvests boost exports

Agriculture COLINA MACDOUGALL

FOR PROBABLY the first time in living memory, China has a grain surplus. Last year the Chinese claimed an output of \$87m tons, and, according to U.S.-Department of Agriculture let the possents run them officials in Peking, this year the Then they start argiting.

ing free markets and rising standard of Hving throughout China. The markets bulge rather less in the North and West than in the warm, wet river lands of Central, South, and South-West China, but even there food is more plentiful then in the past.

One striking feature of the farming scene has been China's surplus of corn. Jillin province, in north-east China, last year had a bumper crop, and contrary to all previous Chinese practice was allowed to export

In consequence this year 1m tons of corn have been sold to the Soviet Union, South Korea, Japan and Hong Kong, U.S. Whest output has increased officials say. This is not the first time in recent years that China cent and in 1982 and 19 per cent and in 1982 and 1982 has sold grain, since rice is regularly exported from the south, but it carries much greater significance.

China's rice crop, at around 169m tons a year, is huge. Its exports are normally less than 1 per cent of that.

Making a big splash with irrigation of vegetable fields in North China until a year or rural in 1983. The forecast for this year is for a crop of 85m tons, commodity prices, varying from compared to 81.4m tons last 15 per cent to as much as 50 per year. This plus rising peasant cent, which the Government incomes, has given poor North China farmers the chance to The fourth is Deng Xiaoping's

eat wheat, which they much The surplus crop is proving a problem for the Government. They are usually seen as a problem for the Government helping to pay for China's big problem for the Government helping to pay for China's big problem for the Government helping to pay for China's big problem for the Government wheat import. Corp., on the other hand, has been the staple diet of numerous poor peasants at the high prices instituted in 1979 to provide incendict of numerous poor peasants.

tives to produce.

The livestock business is not sufficiently developed for grain to be used in animal feed, so China has rescinded the normal prohibition on provincial ex-ports abroad. Even cross-country transfers, which were previously forbidden (strict local self-sufficiency has been the policy) are currently allowed. This should benefit the traditionally hard-up areas.

Political reason

The grain surplus is not likely to affect wheat imports. Last year these touched 10.9m tons (though imports from the U.S. were down for political reasons, the Chinese bought more elsewhere) and are likely to be over 10m again this year. Peking sees these imports as a convenient way to supply the huge cities of the Eastern Seaboard, rather than burden an overstrained rail network still

Success enjoyed in the grain crop has been repeated in oil-seeds, soya and some cash crops. a net importer of these commodities. It is this year ex-pected to export over 1m tons apiece of oilseeds and soyabeans

and 200,000 tons of cotton.

The cotton export is particularly striking since in 1982
China imported 210,000 tons and as recently as 1980 bought nearly 750,000 tons. There are four good reasons duce a certain quota and any why farming has taken off in surplus they can keep or sell. the last three years. One is The division of land appears consistent good weather, an to have been done without essential for implementing any acrimony. "We compensate in

rural policy successfully. Another is the much increased successfully. availability of fertiliser, pro-duced by new plants which have recently come into production. The third is the 1979 rise in

The fourth is Deng Xiaoping's "responsibility system" and the dissolution of the communes.
Between them, U.S. officials
calculate, these factors have
brought astonishing increases in yields. If Chinese statistics are correct (sometimes doubtful as political factors can influence them), the cotton yield is the highest in the world, wheat output is second

world, wheat output is second only to the European Community's and rice output second only to that of the U.S.

Under the "responsibility system", since 1979 the peasants have been progressively allowed to operate in small mount on as single households. groups or as single households. Last year it was announced that the commune organisations would be disbanded, splitting the administrative functions off from the economic ones. This meant reverting to the the purpose.

The business side of dealing with a mass of individual farmers and providing facili-ties such as transport and marketing was to be handled by new companies set up for old township system, which used to run local government. Some households have been allowed to opt out of grain production altogether, and specialise in raising livestock or flowers, like Mr Xie in Xian or Mr Huang outside Canton.

Some run small businesses,
and in a number of cases small

businesses have grown to be huge.

Three years ago the communes began dividing up the land among the household, giving each a three-year contract to farm it. Under this system, families sign up to pro-

the size of the quotas for any disadvantage," said Mr Huang, Deputy Director of Chen Cun administrative district outside Cauton.

system went slowly at first as families adjusted to the idea of greater freedom but also greater risks, production rocketed and people soon realised the benefits. But some farmers slackened off last year when they saw their 3-year contracts coming to an end. They were reluctant to expend much effort or waste fertiliser on land they might not get in the next distribution.

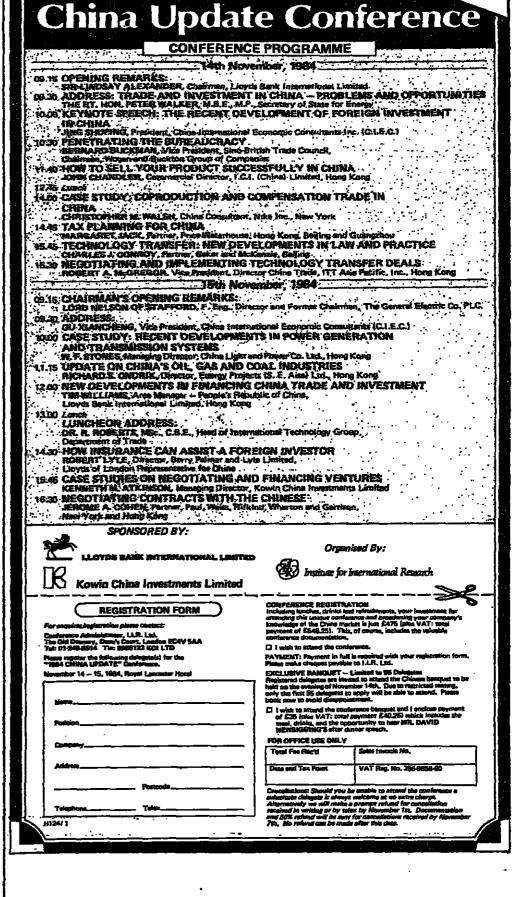
Rural work

To alleviate this problem Peking published a directive at the beginning of this year, the Central Committee No 1 Central Committee No 1 circular on rural work, which set out the next round of policy changes and a long-term view of how to run the countryside. This pressed for a land con-tract period longer than 15 years to give farmers a chance to develop the land and reap the benefit themselves. It also indicated that more facilities for the peasant-producer—help in marketing, for instance, should be provided.

The document also set out future goals which clarified Peking's thinking on how the standard of living in the vast rural areas should be improved. In the long-term, the leadership, it said, plans to reduce the actual farming population to only about 40 per cent, hiving the rest off into sidelines like animal husbandry, fish cultiva-tion or small industry. "The gradual concentration of land among efficient farming families among efficient farming families should be encouraged"

Such such forward planning, hitherto rare in Peking, gives hope that eventually all China's 800m rural population will attain a decent standard of living. Some local officials oppose the policies for political reasons. But 'the policies' popularity with he peasants suggests they will carry the day with he peasant will carry the day.

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Edging towards a repeat of former glories

"I AM not one of your said "We aren't allowed to use and white televisions." That modern cadres," said blust vice- the responsibility system would be commonplace in many Zhang Bin. "I do not have a diploma from a university. 1 Army in Jiangsu in the Libera-

Appropriately, he was speaking in the red and gold recep-tion hall in Xian where in 1936 Mao, Zhou Enlei and Chang Kaishek negotiated a famous compromise in the civil war. Grizzled and bulky, 59-yearold Mr Zhang is in charge of the economy of Shaanxi, one of China's poorest and most remote provinces. Previously ha ran the planning office and has spent nearly 20 years in the province. He was defensive about Shaanzi's lack of pro-gress compared with "Those coastal cities." as he disparagingly calls them

Our transport is not good, we lack investment in capital construction and our natural conditions are poor." The province has no town of national importance except Xian and until very recently the peasants lived in grinding poverty, victims of overpopulated land and a climate which alternates between drought and

He might also have added that the might also have added that the province's economy had been the target of more than usually catastrophic mismanage-ment, and even now appeared to be dragging its feet in implementing Deng Xiapong's economic flexibility which has brought dramatic increases in propagative elsewhere

prosperity elsewhere. On the streets of Xian the air of conservatism is enhanced by the dark blue jackets and officials show wide-eyed ignor-ance of di si ke-disco dancing, comon in Canton. Sedate ball-room dancing is allowed at "dance parties," provided "no primary school, midle school or foreigners" are admitted and a halt is called at 10.30 pm. In the past the province falled to solve its economic

ment by Peking,
At the Xian high-voltage insularto works, built by the telling was the pride with which Russians in the 1950s, Mr Guo he told me "Some farmers in

the responsibility system would be commonplace in many (Deng's reform under which other provinces, where many permission to produce more and make profits acts as an incentive to efficiency). We can pay bonuses for quality, but we must stick to our quotas as we belong to the Ministry of Machinery."

In the countryside, in striking contrast to Guangdong, the rural "responsibility system" (where peasants contract with the local authority to produce quotes and may keep the surplus) has only been partially carried out. The name "commune," which has been abandoned in Guangdong,



One of the country's poorest provinces lagging behind in economic flexibility

Shaanxi till the end ofthisyear.
Progress which has been made seems to be due not so much to the government but to the initiative of individuals inspired by the new system.

It is hard work, however. Twenty-three year-old Xi Binhui of Qianxian, 80 kilometres from Xian, grows rare vegetables all week, on Saturday cycles for 8 hours to the city, spends the day seeling in the Sunday market, and then cycles back overnight, ready for work on Monday. He makes about Yuan 200 (\$78) a month.

The farmers' income has un-

The farmers' income has undoubtedly gone up, but from a miniscule level. Vice-Governor Zhang quoted numerous statistics to underline their rise in wealth since the fall of the Gang of Four in 1976. Far more

Nevertheless, like other in land provinces, Shaanxi is now jumping on the foreign co-December 1 at an international meeting in XIau, 300 projects will be announced for foreign participation, Mr Zhang said. Terms will be easier than elsewhere as Xian plans to charge

"We've already got a colour TV tube plant working with Japanese co-operation. We've learned a lot of technical and management knowhow from that We've got a new hotel, the Jianhua, due to open next year, through a joint venture with the U.S., and we're working with a Belgian company on pharmaceu-ticals and a Japanese group on easuring instruments.
We're talking with American,

French and Swiss companies on coal mining and light industry. Peking wants to make Xian an international airport, but we'll need to build one big enough for 747s. That'll be at Xianyang, long airstrip where President about 20 km away." Xian has a Reagan landed last spring on his visit to the Qin dynasty terracotta soldiers. But this airstrip belongs to the military significant in the strip belongs to the military significant s strip belongs to the military air-

strip belongs to the military air-craft plant outside the town.

Kian was the capital of China for a thousand years and in the great days of the Tang dynasty supported a population of Im, many of them artists, writers and merchants. It was the scene of some of the most romantic episodies in Chinese history. While the modern city history. While the modern city is drab, it contains exquisite buildings and artefacts from the Western Zhou (around 1,000 B.C.) onwards.
"In Tang times, Xian, as the

start of the Silk Road, was open to the world," said vice-governor Zhang, uneasily justigovernor Zhang, uneasny junitry fying the modern open door reverberate in the lush valleys policy with a historical parallel. "Foreigns lived here in large numbers?" (8th century Arab harden harden and a coloradid massure tolerance is simple. The Ji traders built a splendid mosque which still stands). "When we improve transport and conditions, we should be able to repeat that success."

Colina MacDougall



Peking views stability in the area as vital and has been increasing state benefits to Xv

Tangible support to remote outpost

fingertips to reach them.

They live a primitive life in thatched huts with mud floors tending their pigs and roaming the surrounding tropical rain forests in search of game. They shoot elephants, tigers and shoot elephants, ugets and leopards—until quite recently using mainly bows and arrows with poison tips—worship the elements and practice ancestral in Peking frown on but tolerate with new-found liberalism.

In the past six years the Ji No have also been the recipients of more tangible state benefits which, until a few decades ago, lives—telephones, doctors, a school, subsidised food and a two-storey party headquarters, looming incongrously over the thatched huts. The rumble of heavy trucks bringing supplies from Kunming, the provincial capital of Yunnan, or heading along the dirt tracks which lead to the Lactian border, punctu-ate the jungle sounds which reverberate in the lush valleys

The reason for the party's tolerance is simple. The Ji No live in a mountain redoubt

THE JI NO tribe live on China's tory. Yunnan itself has over outer rim, in the remote 3,000 miles of common border southern province of Yunnan with Laos, Vietnam and Burma where the long arm of the Com-munist Party has to extend its designated minorities, many of

which have kinship ties with tribes across the border "Stability of the border areas, and therefore, the stab-ility of our country, has much to do with the contentment of our minorities "explained one official. "If our minorities were not satisfied then there would be no guarantee that the area would be stable."

The Chinese, in fact claim that Laos, prodded by Vietnam. China's historic rival in the area, has been systematically destabilising the border areas. An official in Simao, a strategically placed town close to all three borders, claimed both Laos and Vietnam have closed their borders with China, putting a stop to the traditional ebb and flow of migrants. The Chinese also claim that the pro-Hanoi Laotian govern-ment has encouraged the flow of drugs from south-east Asia's "Golden Triangle," into Yunnan province.

The Chinese Government has responded to these alleged provocations by heavily fortifying its border areas and taking very strict measures against drug dealers. "Before Libera-tion (in 1949)," said the official, less than 50 miles from China's a great deal of opium was sensitive border where Vietnamese troops are said to But we have taken very harsh patrol and, occasionally, make incursions into Chinese terrisince 1953 it's been virtually



Southern border territory where stability is seen as essential

wiped out. A little gets through but our measures are so harsh that most people are deterred." The minorities of China, so badly treated during the Cultural Revolution and under the Gang of Four, are now being given special treatment to keep them happy.

In Yunnan a major effort is being made to raise their level of education. Students in the province from the minorities have now reached 1.5m. Fifteen per cent of college students are from the minorities though this compares unfavourably with the population ratio which is one minority to every three Chinese or Han.

Minorities are, by and large, exempt from the strict one

is tolerated again after the brutal repression of the Cultural Revolution

The mosque in Kunming, for example, deservated by Red Guards in the 1970s, has just been given a Yuan 50,000 (\$19,470) face-lift. Regular, daily readings of the Koran are shrine and Arabic is, once again, heard in the streets around the mosque.

But there are limits to this new-found tolerance. The subject of religion, for example, is ject of religion, for example, is avoided in state schools. In fact, much to the chagrin of Yunnan's devoutly Muslim population, children are taught marked there is no God. We have freedom of propaganda," said one official. "You can argue for or against God. We argue before Liberation has all but against."
Another area of friction is the

army where virtually all the senior jobs are held by members of the majority Han (or Chinese) nationality. There are clear limits beyond which Peking will not go in relinquishing the levers of power in favour of appearing the country's minorities.
In time it seems likely that

China's minorities in sensitive border regions such as Yunnan will be assimilated and, eventually won over. The new, child per family dictum. On a liberal economic policies have

political level more jobs are helped smooth the path con-going to members of ethnic siderably. The majority of the minorities. Freedom of religion Yunnan's minorities are farmers and have, therefore, benefited from the thousands of free markets where they can sell their produce.

ink

The annual per capita income of Jl No tribesmen has, according to the party, risen to over Yuan 350—close to the national average. Even if this is an "official truth" there is ample evidence of new wealth in these remote areas—a wireless blar-ing from a mud hut, a new rifle hung over a farmer's shoulder, a new school satchel around a

vation which haunted China before Liberation has all but vanished. Occasionally one sees a child with a belly distanded from hunger in the remote hills of Yunnan but it is a rare sight.

Friction between the Han and China's ethnic minorities who regard the "men from the north" as interlopers is bound to remain a potent factor. But a combination of careful political management and economic growth are making things that

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